

**REVISED  
PRELIMINARY REPORT  
ON  
ORDER CONSOLIDATION**

**MAY 1997**

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## **Preface**

This Revised Preliminary Report on Order Consolidation is issued to incorporate:

- 1) information contained in comments received in response to the Preliminary Report on Order Consolidation, issued in early December 1996; and
- 2) data gathered to update the information on which the earlier consolidation report was based where questions were raised about the borders of suggested marketing areas, and where marketing changes had occurred.

This revised preliminary report provides interested persons an opportunity to respond to modifications of the initial preliminary report on consolidation before a proposed rule is issued in late 1997. Responses to this revised report, and any other public input, are requested to be submitted by June 15, 1997.

The 1996 Farm Bill, signed by President Clinton on April 4, 1996, requires that existing Federal milk orders be consolidated into 10 to 14 orders within 3 years. To accomplish the requirements of the 1996 Farm Bill within the allotted time, a detailed plan of action was developed and announced in a May 1, 1996, News Release and a May 2 Memorandum to Interested Parties. Industry and public input has been and continues to be requested to assist with the development of proposed rules for order consolidation and reform.

The preliminary report on order consolidation requested that public input and response be submitted by February 10, 1997, although comments are being accepted throughout the entire process. To date, almost 150 public suggestions have been received on the order consolidation issue, with almost 90 of those comments filed in response to the initial Preliminary Order Consolidation Report. Comments have been received on a continual basis since the initial request. Comments received prior to mid-April 1997 have been reviewed and considered in the development of this revised report. Any comments received later than mid-April will be reviewed prior to development of a proposed rule.

This report was drafted by the Agricultural Marketing Service's Dairy Division. The contents of this revised preliminary report continue to have the status of suggestions, and do not imply that conclusions have been made on any issue. Based on public input through mid-April 1997, and the available data, the consolidations suggested in this revised report have merit at this time. The Department is open to continuous public input and may make revisions to this report as additional information becomes available.

Responses to this report and the presentation of any ideas regarding consolidation or any other order issues should be sent to the Dairy Division, AMS/USDA, Room 2968, South Building, P.O. Box 96456, Washington, DC 20090-6456, by June 15, 1997.

Also, interested parties are specifically invited to submit comments on the probable regulatory impact of Federal order changes or modifications on small businesses. Small businesses are defined as dairy farms with gross revenue of less than \$500,000 per year, and handlers with fewer than 500 employees.

## Summary

As indicated on the enclosed maps, the ten marketing areas suggested in the initial preliminary consolidation report have increased to eleven and been modified to some extent for this revised preliminary report. Several of the initially suggested marketing areas were the subjects of numerous comments containing information that indicated that the boundaries of those areas should be re-evaluated. In addition, shifts in regulation and distributing plant distribution areas were known to have occurred. As a result, more detailed and updated (January 1997) data was obtained relating to the receipts of producer milk and distribution of fluid milk products by distributing plants in a number of the initially-suggested order marketing areas. As a result, changes were made in the suggested marketing areas of the Northeast, Appalachian, Southeast, Mideast, Upper Midwest, Central, Southwest, and Western regions, and a new Arizona-Las Vegas area was added.

An analysis of the distribution and procurement patterns of the fluid processing plants, along with other factors, was used to determine which order areas were most closely related. Proposals submitted by the public were also taken into account. The primary criteria used in determining which markets exhibit a sufficient degree of association in terms of sales, procurement, and structural relationships to warrant consolidation continued to be:

1. Overlapping route disposition.
2. Overlapping areas of milk supply.
3. Number of handlers within a market.
4. Natural boundaries.
5. Cooperative association service areas.
6. Features common to existing orders, such as similar multiple component pricing plans.
7. Milk utilization in common dairy products.

In the initial preliminary report, it was observed that the Farm Bill requirement to consolidate existing marketing areas does not specify expansion of regulation to previously non-Federally regulated areas where such expansion would have the effect of regulating handlers not currently regulated. This revised preliminary report suggests that some currently non-Federally regulated area be added on the basis of comments supported by data, views and arguments filed by interested persons. Specifically, unregulated areas contiguous to the initial suggested consolidated Northeast and Mideast marketing areas are suggested for inclusion in those suggested order areas. Some handlers currently not subject to full Federal order regulation would become pool plants if the suggested areas are added. Handlers who would be affected will be notified of the possible change in their status, and encouraged to comment.

As in the initial preliminary report, "pockets" of unregulated areas enclosed in the current marketing areas are included in the suggested consolidated marketing areas if their inclusion does not change the current regulatory status of a plant. However, in the process of consolidating marketing areas, some handlers who currently are partially regulated may become fully regulated because their sales in a combined marketing area will meet the pooling standards of a suggested consolidated order area. As a result, this report suggests that some unregulated areas contiguous to currently-regulated areas be added to Federal order areas where additional handlers would be affected.

The 11 modified suggested marketing areas (with those modified from the initial preliminary report, and the modifications, marked by \*) and the major reasons for consolidation are:

\*1. **NORTHEAST** - current marketing areas of the New England, New York-New Jersey, and Middle Atlantic Federal milk orders, \*with the addition of: contiguous unregulated areas of New Hampshire, Vermont and New York; the western non-Federally regulated portion of Massachusetts, the Western New York State order area, and Pennsylvania Milk Marketing Board Areas 2 and 3 in northeastern Pennsylvania.

Reasons for consolidation include the existence of overlapping sales and procurement areas between New England and New York-New Jersey and between New York-New Jersey and Middle Atlantic. In several cases, handlers who would become regulated because their total sales in the combined areas would meet pooling standards are located in areas where they compete with handlers who would not be similarly regulated. Handler equity suggests that these handlers, too, should become regulated. Another important measure of association is evidenced by industry efforts to study and pursue consolidation of the three Federal orders, as well as some of the nonfederally regulated territory, prior to the 1996 Farm Bill.

Sixteen additional distributing plants would be pooled as a result of the expansion of the consolidated area. Nine of these plants currently are partially regulated.

\*2. **APPALACHIAN** - current marketing areas of the Carolina and Tennessee Valley Federal milk orders, \*with the addition of: all of the Louisville-Lexington-Evansville Federal order area (except one county - in the suggested Southeast area) and 26 currently-unregulated counties in Indiana and Kentucky.

More detailed and updated data showing overlapping sales and procurement areas between these marketing areas are major factors for supporting such a consolidation.

3. **FLORIDA** - current marketing areas of the Upper Florida, Tampa Bay, and Southeastern Florida Federal milk orders.

Natural boundary limitations and overlapping sales and procurement areas among the three orders are major reasons for consolidation, as well as a measure of association evidenced by cooperative association proposals to consolidate these three marketing areas. Further, the

cooperative associations in this area have worked together for a number of years to accommodate needed movements of milk between the three Florida Federal orders.

\*4. **SOUTHEAST** - current marketing area of the Southeast Federal milk order, plus 1 county from the Louisville-Lexington-Evansville Federal milk order marketing area, plus 15 currently-unregulated Kentucky counties, \*minus 2 currently-unregulated counties in northeast Texas (in the suggested Southwest area).

Major reasons for this consolidation include sales and procurement area overlaps between the Southeast order and this county. There is minimal sales area overlap with handlers regulated under other Federal orders. Collection of additional data showed greater disposition in the two Texas counties from Texas handlers than from Southeast handlers. There are no handlers in these two counties that would be affected.

\*5. **MIDEAST** - current marketing areas of the Ohio Valley, Eastern Ohio-Western Pennsylvania, Southern Michigan, and Indiana Federal milk orders, plus Zone 2 of the Michigan Upper Peninsula Federal milk order, and currently-unregulated counties in Michigan, Indiana, and Ohio \*with the addition of: Pennsylvania Milk Marketing Board Area 6 (in western/central Pennsylvania) and 2 currently-unregulated counties in New York, and \*minus the Louisville-Lexington-Evansville order area, 12 counties in Illinois, and unregulated counties in Indiana and Kentucky that are being suggested for inclusion in the Appalachian area.

Major criteria suggesting this consolidation include the overlap of fluid sales in the Ohio Valley marketing area by handlers from the other areas suggested to be consolidated. With the consolidation, most route disposition by handlers located within the suggested Mideast order would be within the marketing area. Also, nearly all milk produced within the area would be pooled under the consolidated order. The portion of the Michigan Upper Peninsula marketing area suggested to be included in the Mideast consolidated area has sales and milk procurement areas in common with the Southern Michigan area and has minimal association with the western end of the current Michigan Upper Peninsula marketing area.

Collection of additional data and recent changes in marketing patterns indicate that the relationship between the Louisville-Lexington-Evansville (L-L-E) area and the order areas initially included in the suggested Appalachian area is closer than relationship between L-L-E and the Mideast area.

Seven distributing plants that would not have been pool plants as a result of the initially-suggested consolidation would become pool plants due to the suggested expansion of the consolidated area into Pennsylvania and New York. The number of pool plants also is affected by a shift of pool plants from one consolidated area to another because of the shift of territory from the initially-suggested Mideast area to the revised suggested Appalachian area.

\*6. **UPPER MIDWEST** - current marketing areas of the Chicago Regional, Upper Midwest, Zones I and I(a) of the Michigan Upper Peninsula Federal milk orders, and

unregulated portions of Wisconsin, \*with the addition of: the Iowa, Eastern South Dakota, and most of the Nebraska-Western Iowa Federal order areas, plus currently-unregulated counties in Iowa and Nebraska.

Major consolidation criteria include an overlapping procurement area between the Chicago Regional and Upper Midwest orders and overlapping procurement and route disposition area between the western end of the Michigan Upper Peninsula order and the Chicago Regional order. More-detailed and updated information revealed more significant overlapping procurement and route disposition areas between the Iowa, Eastern South Dakota and Nebraska-Western orders and Chicago Regional and Upper Midwest orders than had been observed in the initial study. In addition, a common pricing plan for producers, natural boundary limitations, and the prevalence of cheese as a major manufactured product for the substantial reserve milk supplies that exceed fluid milk needs exist in these orders. Some of the western Nebraska area is more closely associated with the Eastern Colorado area, however, and is suggested to remain with the Central consolidated area.

Eleven additional handlers that would have been pooled under the consolidated Central order in the initial Preliminary Report would be pooled under a consolidated Upper Midwest order under this revised report.

**\*7. CENTRAL** - current marketing areas of the Southern Illinois-Eastern Missouri, Central Illinois, Greater Kansas City, Southwest Plains, and Eastern Colorado Federal milk orders, 10 counties currently in the Nebraska-Western Iowa Federal order area, plus 55 currently-unregulated counties in Kansas, Missouri, Illinois, Nebraska and Colorado, \*plus the 12 counties in the current Southern Illinois-Eastern Missouri area that initially were suggested as part of the consolidated Mideast area, \*minus the Eastern South Dakota, Iowa and most of the Nebraska-Western Iowa Federal order marketing areas.

Major criteria suggesting this consolidation include the overlapping procurement and route disposition between the current orders. The suggested consolidation would result in a concentration of both the sales and supplies of milk within the consolidated marketing area. The suggested consolidation would combine several relatively small orders and provide for the release of market data without revealing proprietary information. In addition, most of the producers in these areas share membership in several common cooperatives.

**\*8. SOUTHWEST** - current marketing areas of Texas and New Mexico-West Texas Federal milk orders, \*with the addition of: two northeast Texas counties previously suggested to be added to the Southeast marketing area, and 47 currently-unregulated counties in southwest Texas, and \*minus the Central Arizona marketing area.

Major criteria suggesting consolidation include sales and procurement area overlaps and common cooperative association membership between the Texas and New Mexico-West Texas marketing areas, and similar marketing concerns with respect to trade with Mexico for both orders. Addition of the currently-unregulated Texas counties will result in the regulation of no additional handlers, and will reduce handlers' recordkeeping and reporting burden and

the market administrator's administrative costs. In the initial consolidation report, the Central Arizona area was found to have a minimal association with the New Mexico-West Texas and Texas order areas. Further analysis showed that it has a much more significant degree of association with the Clark County, Nevada, portion of the current Great Basin order area.

The revised suggested consolidated Southwest area would include 4 fewer fully regulated pool plants as a result of the removal of the Central Arizona area.

**\*9. ARIZONA-LAS VEGAS** - \*an eleventh marketing area composed of the current marketing area of the Central Arizona order and the Clark County, Nevada, portion of the current Great Basin marketing area, plus eight currently-unregulated Arizona counties.

The major criterion suggesting consolidation is sales overlap between the sole Las Vegas, Nevada, handler and handlers regulated under the Central Arizona order in both Clark County, Nevada, and unregulated portions of northern Arizona. In addition, both areas exchange significant volumes of bulk and packaged milk with Southern California.

The suggested Arizona-Las Vegas marketing area would include five fully regulated handlers, with no additional handlers regulated because of the addition of the currently-unregulated northern Arizona area.

**\*10. WESTERN** - current marketing areas of the Western Colorado, Southwestern Idaho-Eastern Oregon, and Great Basin Federal milk orders, \*minus Clark County, Nevada. Major criteria suggesting consolidation include overlapping sales between Southwestern Idaho-Eastern Oregon and Great Basin, as well as a significant overlap in procurement for the two orders in five Idaho counties. The two orders also share a similar multiple component pricing plan. The Western Colorado order is included because it is a small market where data cannot be released without revealing confidential information unless combined with the adjacent Great Basin order.

Collection of more-detailed data indicates that the strength of earlier relationships between the former Great Basin and Lake Mead orders that justified their 1988 merger have dwindled significantly, with the Las Vegas area now more closely related to southern California and competing most heavily with Central Arizona handlers.

**11. PACIFIC NORTHWEST** - current marketing area of the Pacific Northwest Federal milk order plus 1 currently-unregulated county in Oregon. The degree of association with other marketing areas is insufficient to warrant consolidation.

Following is a table summarizing relevant data for the consolidated markets.

**CONSOLIDATED MARKET SUMMARY**  
(BASED ON OCTOBER 1995 DATA)

Consolidated Order	Number of Fully Regulated Distributing Plants		Total Producer Milk (1000 lbs.)		Combined Class I Use (Percent)		Weighted Average Utilization Value	
	Initial Report	Revised Report	Initial Report	Revised Report <sup>1</sup>	Initial Report	Revised Report	Initial Report	Revised Report
Northeast	85	92	1,934,833	2,102,620	46.7	49.0	\$13.44	\$13.49
Appalachian	25	29	320,198	412,813 <sup>2</sup>	82.5	81.5	\$14.11	\$13.94
Florida	18	16	200,397 <sup>3</sup>	204,541	88.3	88.3	\$15.05	\$15.05
Southeast	38	40	443,921 <sup>4</sup>	442,705	84.3 <sup>5</sup>	84.3	\$14.26	\$14.25
Mideast	68	68	1,140,952 <sup>6</sup>	1,103,366	57.8	57.2	\$12.96	\$12.94
Upper Midwest	27	39	1,046,539 <sup>7</sup>	1,354,209	34.2 <sup>8</sup>	37.6 <sup>9</sup>	\$12.59	\$12.62
Central	42	30	932,929 <sup>10</sup>	599,334	50.6 <sup>5</sup>	53.5	\$13.15	\$13.21
Southwest	31	26	861,307	680,232	48.3	48.1	\$13.36	\$13.39
Arizona - Las Vegas	N/A	7	N/A	181,075 <sup>11</sup>	N/A	48.9	N/A	\$13.26
Western	14	11	304,793	293,714	31.7 <sup>12</sup>	29.6 <sup>13</sup>	\$12.79	\$12.78
Pacific Northwest	23	21	501,257	493,207	36.3	35.6	\$12.45	\$12.44
<b>TOTAL</b>	371	379	7,687,126	7,867,816	N/A	N/A	N/A	N/A

## CONSOLIDATED MARKET SUMMARY

### Footnotes

<sup>1</sup> Initial report producer deliveries, adjusted to include only those handlers who would be fully regulated (i.e. Status = 1) in the revised suggested marketing area, unless otherwise noted. When applicable, producer deliveries for currently non-Federally regulated plants which would be fully regulated in a revised suggested consolidated order are included in the appropriate suggested consolidated order.

<sup>2</sup> Includes producer milk for one currently fully regulated plant which would be exempt (i.e. Status = 3B) in the Appalachian market in the revised preliminary report.

<sup>3</sup> Excludes producer milk for one currently fully regulated F.O. 7 plant which would be regulated in the Florida market in the initial preliminary report.

<sup>4</sup> Includes producer milk for one currently fully regulated F.O. 7 plant which would be regulated in the Florida market in the initial preliminary report.

<sup>5</sup> Correction to initial preliminary report.

<sup>6</sup> Producer milk for F.O. 44 is included. Producer milk for a F.O. 32 handler who would be pooled under the initially-suggested Mideast market is included in the initially-suggested Central market.

<sup>7</sup> Producer milk for F.O. 30 and F.O. 68 only.

<sup>8</sup> A significant amount of producer milk was not pooled in October 1995. Estimated total producer milk would result in a 15.3% combined Class I utilization.

<sup>9</sup> A significant amount of producer milk was not pooled in October 1995. Estimated total producer milk would result in a 19.7% combined Class I utilization.

<sup>10</sup> Includes producer milk for a F.O. 32 handler that would be in the initially-suggested Mideast market.

<sup>11</sup> Excludes producer milk for one currently fully regulated F.O. 139 plant and one currently unregulated plant which would be regulated in the Arizona-Las Vegas market in the revised preliminary report.

<sup>12</sup> A significant amount of producer milk was not pooled in October 1995. Estimated total producer milk would result in a 21.8% combined Class I utilization.

<sup>13</sup> A significant amount of producer milk was not pooled in October 1995. Estimated total producer milk would result in a 21.6% combined Class I utilization.

## **Introduction**

As required by the 1996 Farm Bill, 10 to 14 Federal milk marketing orders must be formed from those currently in existence. A map of the suggested marketing areas and a description of each of the 11 suggested marketing areas follows this introductory explanation of the process followed in revising the initial preliminary report on the basis of comments received from interested parties. In addition to the national maps showing the boundaries of the 32 present orders, the boundaries of the 10 initial suggested order areas, and the boundaries of the 11 revised suggested order areas, each marketing area description includes a detailed map of the area, showing the county outlines of the counties included, and a list of counties or other political units included in the suggested area. For the convenience of the reader, a table showing current order marketing areas and their order numbers is included just after the map of current marketing areas.

For this revised preliminary report, California is not included as a suggested order area. The 1996 Farm Bill allows for the inclusion of a California Federal milk order if California producers petition for and approve an order. If a California order were included in the suggested Federal order structure at a later time, it would encompass the entire State and would include no area outside the State of California. Although interest in a Federal order has been expressed by some California producer groups, this revised preliminary report does not include a California Federal milk order. Comments received that relate to California are included in the comment summary in the Appendix at the end of this report.

The lists of handlers that would be regulated under this revised description of suggested consolidated areas are based on the pool distributing plant standards suggested in the preliminary report of the Identical Provisions Committee, released March 7, 1997. The Committee incorporated a general pool distributing plant standard of 25 percent of receipts as Class I disposition and 15 percent of Class I disposition inside the suggested marketing area. These standards differ slightly from the initial consolidation report in which the total Class I disposition standard used was 30 percent of receipts.

The Identical Provisions Committee also suggested pool distributing plant provisions that would exempt from regulation any distributing plant with less than 150,000 pounds of route disposition per month. In addition, a distributing plant would be pooled under the order regulating the marketing of milk in the marketing area in which the plant is located unless the plant has over 50 percent of its route dispositions in another Federal order marketing area for 3 consecutive months. According to the Identical Provisions Committee Report, any government plant (penitentiary, university, etc.) would be exempt from regulation.

These pooling standards may be adjusted on the basis of further discussion or public comment, and when the provisions of each consolidated order are formulated more completely. As a result, the lists of handlers that would be regulated under the proposed consolidated orders may undergo some modification during the process of consolidating the orders.

As noted in the initial preliminary consolidation report, a primary criterion for determining which current marketing areas are most closely related is identifying where the greatest overlaps in route dispositions between marketing areas exist by grouping data for competing plants. Data relating to the receipts and distribution of fluid milk products by distributing plants was gathered for all known distributing plants located in the 47 contiguous states, not including the State of California, for the month of October 1995. Because of questions raised about certain marketing area boundaries after publication of the initial report, additional data for the month of January 1997 regarding the geographic distribution of route sales by individual handlers and their specific sources of producer milk were gathered for areas where such questions were raised, and where changes in marketing conditions were known to have occurred. Specifically, such information was gathered for all or parts of the initially-suggested Northeast, Appalachian, Southeast, Mideast, Central, and Western marketing areas.

As in the case of data referring to the operations of less than three handlers or producers in the initial consolidation report, the data used to arrive at the revised suggested consolidated areas is restricted from use by the public because it refers to individual fluid milk distributing plants and the origins of producer milk supply for those plants. Wherever possible, the basis for changes in suggested marketing area boundaries are described as specifically as possible without divulging proprietary information.

### **Criteria for Consolidation**

The primary goal of this consolidation process is to reduce the number of Federal orders to no more than 14, as required by the 1996 Farm Bill. For this reason, the criteria used to consider market mergers in the past have been applied to the current need to consolidate orders with standards reduced, sometimes quite considerably, from those used for earlier mergers. In some instances a minimum amount of overlapping route disposition or milk supply is used to justify consolidation in cases where a particular marketing area clearly could stand on its own. These instances were noted in the description of the initially-suggested consolidations. Additional criteria were used as necessary to identify consolidations of markets that did not appear to be closely related on the bases of the primary criteria. In addition, proposals submitted by the public were taken into consideration when developing suggested consolidated marketing areas in both the initial preliminary report and this revised preliminary report. Interested persons continue to be encouraged to supply data or other specific information supporting consolidations they favor.

The criteria that continue to be used in considering these revised consolidation suggestions are:

1. *Overlapping route disposition.* The movement of packaged milk between Federal orders indicates that plants from more than one Federal order are in competition with each other for Class I sales. In addition, a degree of overlap that results in the regulatory status of plants shifting between orders creates disorderly conditions in changing price relationships between competing handlers and neighboring producers.

2. *Overlapping areas of milk supply.* The location of a plant's milk supply indicates the competitive nature of the cost of the milk supply. The pooling of milk produced within the same procurement area under the same order allows for uniform pricing of producer milk. This criterion applies principally to areas in which major proportions of the milk supply are shared between more than one order. An area that supplies a minor proportion of an adjoining area's milk supply with a minor proportion of its own total milk production while handlers located in the area do not compete with handlers located in the adjoining area likely do not have a strong enough association with the adjoining area to be consolidated with it. It is impossible to define areas where no overlaps exist with any other areas and still arrive at 10 - 14 marketing areas.
3. *Number of handlers within a market.* Formation of larger-size markets is a stabilizing factor. Shifts of milk and/or plants between markets becomes less of a disruptive factor in larger markets. Also, the existence of Federal order markets with handlers too few in number to allow meaningful statistics to be published without disclosing proprietary information should be avoided.
4. *Natural boundaries such as mountains and deserts often affect the placement of marketing area boundaries.* Such barriers discourage movement of raw milk between areas, and generally reflect a lack of population (that limits the range of the consumption area) and lack of milk production. For the purposes of market consolidation, large unregulated areas and political boundaries are considered a type of natural barrier.
5. *Cooperative association service areas.* While not a criterion used initially to determine marketing area, cooperative membership may be an indication of market association. Given the need to consolidate orders, cooperative membership can provide additional support for combining certain marketing areas.
6. *Features common to existing orders, such as similar multiple component pricing payment plans.* Markets that already have agreed on similar regulatory provisions may have a head start on the consolidation process. Where different payment plans exist in markets suggested for consolidation, it will be necessary to determine a common payment plan for the consolidated order.
7. *Milk utilization in common dairy products.* Utilization of milk in similar manufactured products (cheese vs. butter-powder) was considered.

Twenty-eight of the comments received relative to order consolidation included various criteria advocated by those commenting as criteria to be used in determining the orders to be consolidated, or the boundaries of the consolidated orders. Of these, the most frequently named were the criteria of determining marketing areas on: 1) the basis of where handlers compete for sales of fluid milk products, and 2) the basis of where handlers compete for milk supplies. Several comments urging that boundaries should be based on actual competition rather than on state boundaries would seem to support these two criteria. These two criteria

were also the primary criteria considered in developing the marketing areas suggested in both the initial preliminary consolidation report and this revised report.

Another factor suggested as a criterion for consolidation was the Class I use percentage of the consolidated markets, with several parties suggesting that markets should be consolidated to result in more equal utilization rates between markets, and at least as many comments stating that marketing areas with similar utilization rates should be consolidated. To some extent, this revised preliminary consolidation report does suggest the consolidation of markets with similar Class I utilization rates rather than markets that would result in more uniform Class I use percentages. This result occurs because adjoining markets, where most of the sales and procurement competition takes place between handlers regulated under different orders, tend to have similar utilization rates rather than because the criterion is one that should be used to determine appropriate consolidations. Also, Class I utilization rates are a function of how much milk is pooled on an order with a given amount of Class I use. Differences in rates, to the extent they result in differences in blend prices paid to producers, provide an incentive for milk to move from markets with lower Class I utilization percentages to markets with higher Class I use.

The suggestion by several parties that processors should be regulated on the basis of their location rather than their sales areas has largely been incorporated in the Identical Provisions Committee's Preliminary Report by the provision that would pool a handler under the order for the area in which the handler is located unless more than 50 percent of the handler's Class I route dispositions are distributed in another order area. In addition, the Identical Provisions Committee's recommendations include a provision that locks plants processing primarily ultra-high temperature (UHT) milk into regulation under the order for the area in which the plant is located.

On the basis of the pooling standards suggested by the Identical Provisions Report, there are only two distributing plants that would be fully regulated under an order other than the ones in which they are located under this revised preliminary consolidation report. These plants are the Superbrand Products distributing plant in Greenville, South Carolina; and the Ryan Milk Company plant in Murray, Kentucky. In this report the Superbrand plant is shown as a pool plant under the Southeast order, which is where it would qualify for pooling. The Ryan Milk Company plant also is shown as a pool plant under the Southeast order, although it would qualify as a pool plant under the Southwest order based on both October 1995 and January 1997 sales. Additional lock-in provisions may need to be considered in both of these cases if it is desired that the plants be pooled in the area in which they compete for a producer milk supply.

Comments filed by two State governments advocated including all of a state's territory in one Federal order to assure that all producers in a state are paid on an equitable basis, and to make it easier to maintain state statistical data. One of the primary reasons for Federal milk orders is that milk marketing occurs readily across state boundaries, making state milk marketing regulation difficult, if not impossible, to enforce. It is important that Federal milk marketing areas continue to recognize the free interstate movement of milk to and from milk plants.

There are cases where natural boundaries such as mountains or rivers may result in part of a state having a closer marketing relationship with an adjoining state than with other areas of the same state.

Several comments were made relative to the addition of currently non-Federally regulated areas to consolidated Federal order areas. One comment stated that all States should be regulated, while another stated that current unregulated areas should be added to Federal order areas for greater fairness in evaluating trends, statistics, and pricing impacts. Other comments included the ideas that unregulated areas should be added if a current pool plant is in unregulated area, if unregulated area is contiguous to a Federal order area and its addition wouldn't cause additional handlers to be regulated, and if a Federal order pool carries the surplus for unregulated or State-regulated areas.

In the initial preliminary report, it was observed that the Farm Bill requirement to consolidate existing marketing areas does not specify expansion of regulation to previously non-Federally regulated areas where such expansion would have the effect of regulating handlers not currently regulated. The question of whether specific currently non-Federally regulated territory should be included in the suggested consolidated areas was left open for industry comment. A number of those filing comments relative to the suggested Northeast consolidated marketing area requested that unregulated areas contiguous to the consolidated marketing area be considered for inclusion in the suggested Northeast (and, in some cases, Mideast) order area, and included data, views and arguments supporting the need and basis for the expansion. Inasmuch as the Farm Bill does not prohibit such expansion, and the reasons cited by proponents support extending regulation to several additional handlers who compete with handlers who would be fully regulated under the consolidated order, these areas are suggested for inclusion in the consolidated Northeast and Mideast marketing areas. Those handlers who would be affected will be notified of the possible change in their status, and encouraged to comment.

As in the initial consolidation report, "pockets" of unregulated area within and between current order areas are included in the resulting consolidated marketing areas. The inclusion of these areas does not change the current regulatory status of any plant. There are some cases in which handlers who currently are partially regulated or unregulated would become pool plants because their sales in the combined marketing areas meet the pooling standards assumed under this report. At the same time, some handlers who currently are fully regulated will appear as partially regulated plants in this suggested consolidation because for some reason they fail to meet the assumed pooling standards of the consolidation study. One reason for such a result is the existence of provisions in present orders, such as New York-New Jersey, that "grandfather" plants that once met pool standards but no longer do.

Two comments stated that the consolidation process should consider splitting existing order areas, while two others urged that existing orders be merged intact. Although the consolidation process began by looking at the combination of existing orders, there were cases where it appeared that an existing order could be split. As analysis of individual handler's sales and procurement areas proceeded, however, it became apparent that the currently-

existing order areas exist in their present form because they do, in fact, represent areas in which the same handlers compete for fluid milk sales and for supplies of producer milk. As a result, it appeared to be appropriate in most cases to merge existing marketing areas. An exception should perhaps be made in the case of removing the Las Vegas, Nevada, area from the Great Basin marketing area. It appears that the marketing conditions on which the 1988 merger of the Great Basin and Lake Mead orders was based have changed significantly over the intervening period, and that the former Lake Mead area now is more closely related to the Central Arizona marketing area.

### **Cornell University Study**

Researchers at Cornell University used an econometric model (the Cornell U.S. Dairy Sector Simulator, or USDSS) to determine 10 - 14 optimum marketing areas. In Cornell's first attempt to determine optimum marketing areas by use of the model, USDSS was used to solve for the 10-14 areas that would result in minimum cost flows of milk using the known concentrations of milk production and population, without considering the location of milk plants. The marketing area maps that were circulated using these first results were those to which interested persons who cited the Cornell results in their comments on the initial Preliminary Consolidation Report had reference.

As a means of better reflecting the actual structure of the national market for fluid milk products, Cornell enhanced the inputs to its model to determine the minimum cost flows of milk, intermediate and final products from producers to plants, from plants to plants, and from plants to consumers on the basis of the locations of milk supplies, dairy product processing plants, and consumers. The model now provides for geographic market definition on the basis of a resulting set of optimal, efficient simulated flows of milk and dairy products between locations. Maps reflecting Cornell's more recent analysis currently are available.

The Cornell model does not recognize that large areas, such as Virginia, Montana, and Wyoming, currently are not included in Federal milk order regulation; and does not recognize the Farm Bill requirement that, if included as a Federal order, the State of California be brought in as one order confined to the borders of California. Although the USDSS incorporates highway mileage between milk production areas and milk plants, and between milk plants and consumers, it does not recognize features such as mountain ranges that may inhibit milk from moving. By attempting to maximize efficiencies in milk marketing, the model also does not recognize the existence of competitive handlers operating plants in the same city or having the extent of handlers' route dispositions influenced by the existence of plants operated by the same handler in other locations. At the same time, the model does not recognize that movements of producer milk often are determined by supply contracts between cooperatives and handlers or by the location of a handler's nonmember supply.

In contrast, the data gathered by the Dairy Division reflects actual movements of milk, both from production areas to processing plants, and from processing plants to consumption areas. Use of the USDSS may be an excellent way of determining where processing plants should be located to maximize the efficiencies of milk assembly and distribution, but is a less accurate

means of determining where existing handlers actually compete for milk supplies and sales. For this reason, the initial and revised preliminary consolidation reports are based on data reflecting actual distribution and procurement by fluid milk processing plants.

### **Small Business Considerations**

193 of the 371 distributing plants that were identified in the initial preliminary report as meeting the pooling standards for full regulation under the suggested consolidated orders based on October 1995 data have been determined to be small businesses under the criteria provided by the Small Business Administration (under 500 employees). If a handler's plant is part of a larger company operating multiple plants that collectively exceed the 500-employee limit, the plant is considered a large business even if the local plant has fewer than 500 employees.

The Identical Provisions Committee determined that a handler distributing less than 150,000 pounds of fluid milk products does not have a significant competitive effect on the market, and that handlers of such size should, therefore, be exempt from the pricing and pooling provisions of the orders. Because the Committee included the minimum size exemption in their suggestions for order provisions, 64 distributing plants that otherwise would be identified as fully regulated plants are identified in this report as exempt plants. Using the pooling standards suggested by the Identical Provisions Committee, this revised preliminary consolidation report identifies 379 distributing plants as fully regulated pool plants, of which 175 would be considered small businesses. The distribution of the number of small businesses and fully regulated handlers by suggested consolidated area for both reports is reflected in the table at the end of this section.

Although 150,000 pounds of fluid milk disposition per month may represent a level at which exempting a distributing plant could be expected not to have a serious detrimental impact on the ability of a Federal milk order to provide for uniform pricing to handlers and producers, it would be quite difficult to select a higher level of exemption without compromising the purposes of the regulation. The under-500-employee definition of a small business assures that nearly all single-plant milk handlers would qualify as a small business. Many of these "small" businesses may be among the largest competitors in a particular market.

In addition, numbers of employees could be expected to vary greatly with the nature of a plant's operation. For instance, the number of persons employed by two plants processing and distributing equal volumes of fluid milk products could be very different if one plant contracts out its producer milk hauling, laboratory operations and packaged product distribution, while the other plant performs all of these operations with its own employees. For this reason alone, it would be inappropriate to exempt handlers from regulation, or to impose differing regulatory burdens, on the basis of their size beyond the minimal size determined to be less than a significant competitive force in the market.

	<u>Initial Report</u>		<u>Revised Report</u>		
	Small Pooled Entities	Total Pool Plants	Exempt Plants	Small Pooled Entities	Total Pool Plants
Northeast	47	85	35	45	92
Appalachian	14	25	1	14	29
Florida	6	18	2	3	16
Southeast	21	38	1	22	40
Mideast	45	68	8	43	68
Upper Midwest	16	27	2	16	39
Central	13	42	2	7	30
Southwest	10	31	3	7	26
<i>Arizona-Las Vegas</i>	N/A	N/A	1	3	7
Western	7	14	6	4	11
Pacific Northwest	14	23	3	12	21
TOTAL	193	371	64	175	379

### Marketing Area Information

The description of each marketing area contains the following information:

- ◆ Maps illustrating the initial suggestion (November 1996) and the revised suggestion (May 1997), if applicable, for the consolidated order.
- ◆ The name of the suggested consolidated order.
- ◆ The current order areas that form the core of the suggested order area, plus additional areas.

- ◆ A table (Table 1) showing the number of fluid milk distributing plants by type of regulation for distributing plants which were operational in October 1995 and which would have met the assumed pooling standards for the initially-suggested consolidated order area and for the revised suggested consolidated order area, by current order areas and suggested order area.
- ◆ A table (Table 2) showing information from October 1995 pool data about the individual markets suggested for consolidation and the consolidated order, for both the initially-suggested and the revised suggested consolidation:
  - Total producer milk pooled. Volumes reported for this revised report represent milk received by handlers, including currently non-Federally regulated handlers, who would be fully regulated in the revised suggested consolidation area;
  - Class I use percentages. For October 1995, some of the markets exhibited higher-than-customary percentages of Class I use because a significant volume of producer milk eligible for pooling was not pooled due to the difference between Class III and Class III-A prices. In general, markets that showed the largest increase from their historical level of Class I use percentage were those with lower-than-average levels of Class I use; and
  - A weighted average utilization value computed to reflect an estimated impact of consolidation on utilization percentages only - *it is not a blend price*. For each market, a utilization value was computed to reflect the value of producer milk under the order's class use percentages and class prices. The same class prices were then used to compute a utilization value using the projected class use percentages of the consolidated marketing area.
- ◆ A summary of comments and findings, including:
  - an introductory statement of revisions, if any, to the initially suggested consolidated area;
  - justification for modifications or continuation of initially suggested consolidation; and
  - description of regulatory status changes due to consolidation.
- ◆ A list of plants and regulatory status, with the plant's actual status for October 1995 and status under the consolidated order, using the assumed pooling standards for the revised consolidated order.
- ◆ A list of market developments that have occurred since October 1995, the period for which data was collected for the purpose of determining appropriate marketing areas, such as regulatory status changes, changes in the order under which a plant is regulated, name and ownership changes, and plants that have ceased to operate. This information is updated through the February 1997 pool but is not included in the analysis.
- ◆ A list of counties and other political units to be included in the revised consolidated area, by state and current Federal order or unregulated area.

## **CURRENT MARKETING AREA MAP**

This version of the report is text only. Click [\*\*CURRENT MARKETING AREA MAP\*\*](#) to view/print this graphic.

Federal Milk Marketing Orders			
Number	Name	Number	Name
1	New England	49	Indiana
2	New York-New Jersey	50	Central Illinois
4	Middle Atlantic	64	Greater Kansas City
5	Carolina	65	Nebraska-Western Iowa
6	Upper Florida	68	Upper Midwest
7	Southeast	76	Eastern South Dakota
11	Tennessee Valley	79	Iowa
12	Tampa Bay	106	Southwest Plains
13	Southeastern Florida	124	Pacific Northwest
30	Chicago Regional	126	Texas
32	Southern Illinois-Eastern Missouri	131	Central Arizona
33	Ohio Valley	134	Western Colorado
36	Eastern Ohio-Western Pennsylvania	135	Southwestern Idaho-Eastern Oregon
40	Southern Michigan	137	Eastern Colorado
44	Michigan Upper Peninsula	138	New Mexico-West Texas
46	Louisville-Lexington-Evansville	139	Great Basin

## **SUGGESTED ORDER CONSOLIDATION MAP - Revised Preliminary Report**

This version of the report is text only. Click **SUGGESTED ORDER CONSOLIDATION MAP - Revised Preliminary Report** to view/print this graphic.

## **SUGGESTED ORDER CONSOLIDATION MAP - Initial Preliminary Report**

This version of the report is text only. Click **SUGGESTED ORDER CONSOLIDATION MAP - Initial Preliminary Report** to view/print this graphic.

## **SUGGESTED NORTHEAST MARKETING AREA MAPS**

This version of the report is text only. Click **SUGGESTED NORTHEAST MARKETING AREA MAPS** to view/print this graphic.

## SUGGESTED NORTHEAST MARKETING AREA

Consolidated Market: Northeast

Current Markets: New England, F.O. 1  
 New York-New Jersey, F.O. 2  
 Middle Atlantic, F.O. 4  
 Plus: 1 unregulated county in Massachusetts  
 2 unregulated counties in New Hampshire  
 17 unregulated counties in New York  
 23 unregulated counties in Pennsylvania  
 11 unregulated counties in Vermont  
 1 city in Rhode Island  
 2 cities in Virginia

TABLE 1. STATUS OF DISTRIBUTING PLANTS <sup>1, 2</sup> OCTOBER 1995										
Federal Order	Number of Fully Regulated Plants		Number of Partially Regulated Plants		Number of Exempt Plants		Number of Producer Handlers		Number of Government Agency Plants	
	Initial Report	Revised Report	Initial Report	Revised Report	Initial Report <sup>3</sup>	Revised Report <sup>4</sup>	Initial Report	Revised Report	Initial Report	Revised Report
<b>F.O. 1</b>	25	27	6	2	1	3B: 4	22	21	0	0
<b>F.O. 2</b>	32	30	5	3	0	3B: 4	9	9	0	0
<b>F.O. 4</b>	28	28	10	3	0	3B: 0	15	15	1	1
<b>NORTHEAST<sup>5</sup></b>	<b>85</b>	<b>92</b>	<b>21</b>	<b>9</b>	<b>1</b>	<b>3B: 35</b>	<b>46</b>	<b>45</b>	<b>1</b>	<b>1</b>

<sup>1</sup> Based on status of distributing plant under initial suggested consolidated order and initial pool distributing plant standard of 30 percent of receipts as Class I disposition and 15 percent of receipts as Class I disposition inside the initial suggested marketing area.

<sup>2</sup> Based on status of distributing plant under revised suggested consolidated order and Identical Provisions report pool distributing plant standard of 25 percent of receipts as Class I disposition and 15 percent of total route disposition inside the revised suggested marketing area.

<sup>3</sup> Exempt as defined under current Federal orders.

<sup>4</sup> 3B: Exempt with route disposition less than 150,000 lbs. per month (as suggested in Identical Provisions report).

<sup>5</sup> Revised report: includes currently non-Federally regulated plants which would be fully or partially regulated or exempt (3B) distributing plants in the revised suggested marketing area.

TABLE 2. MARKET INFORMATION BASED ON OCTOBER 1995 POOL DATA						
Federal Order	Total Producer Milk (1000 lbs.)		Class I Utilization Percentage		Weighted Average Utilization Value <sup>3</sup>	
	Initial Report <sup>1</sup>	Revised Report <sup>2</sup>	Initial Report	Revised Report	Initial Report	Revised Report
<b>F.O. 1</b>	451,855	474,631	49.29%	51.19%	\$13.47	\$13.52
<b>F.O. 2</b>	987,059	1,090,690	42.39%	44.90%	\$13.43	\$13.48
<b>F.O. 4</b>	495,919	537,299	52.95%	55.29%	\$13.44	\$13.49
<b>NORTHEAST</b>	<b>1,934,833</b>	<b>2,102,620</b>	<b>46.71%</b>	<b>48.98%</b>	<b>\$13.44</b>	<b>\$13.49</b>

<sup>1</sup> Producer deliveries of milk to handlers regulated under Federal orders, October 1995 (Table 6, *Federal Milk Order Market Statistics for September and October 1995*, FMOS-410, Agricultural Marketing Service, USDA).

<sup>2</sup> Initial report producer deliveries, adjusted to include only those handlers who would be fully regulated (i.e. Status = 1) in the revised suggested marketing area. Producer deliveries for currently non-Federally regulated plants which would be fully regulated in the revised suggested consolidated order are allocated to the Federal order closest in proximity to the plant location.

<sup>3</sup> **Not a blend price** -- shown solely for the purpose of showing impact of consolidation on utilization.

## SUMMARY OF COMMENTS AND RESPONSES

The Northeast marketing area suggested in the initial Preliminary Report has been expanded in this revised report to include currently unregulated counties in New Hampshire, Vermont, Massachusetts, New York, and Pennsylvania.

The suggested Northeast marketing area has received support in comments both prior to and since the release of the initial Preliminary Report. Overall, comments from State agencies, associations, federations, cooperatives, individual producers, handlers, and elected representatives have suggested or supported consolidating Federal orders 1, 2, and 4.

Some specific but mostly general reasons for consolidation have been addressed in the comments. The reasons include common sales and procurement areas, similar utilizations, and consolidation of cooperative processors in the region. Comments claimed that this consolidation would equalize current differences in producer pay prices, aid administrative and rulemaking efficiencies, regulate plants in an area where they are located (when greater sales exist in other areas), and recognize this region's population distribution and transportation network.

Analysis of data in the initial consolidation report indicates that these three markets share overlapping sales and procurement areas. New York-New Jersey (Order 2) tends to serve as a common base for the existing overlap.

Many comments also have expressed support for expanding the suggested Northeast area to include counties not currently in a Federal order marketing area. The extent of expansion and reasons to expand vary among comments. Support has been expressed to add unregulated

areas of New Hampshire, Vermont, New York, and Maryland, and State-regulated areas of Maine, Massachusetts, western New York, Pennsylvania, and Virginia. Several comments suggest expanding the Northeast westward to the Ohio-Pennsylvania border, to include area currently in Order 36, Eastern Ohio-Western Pennsylvania. Comments supporting expansion typically cite equity, stability, and orderly marketing for producers, consumers, and cooperatives as reasons to expand. One comment contended that the impact of Federal order regulation on both producers and handlers would be similar, irrespective of size.

An additional reason given for favoring consolidation of the Northeast area was the desirability of having uniform requirements for determining which plants will be considered pool distributing plants, and which dairy farmers' milk would be pooled under the order.

Opposition was expressed regarding potential expansion into several of the areas described above. Individual or multiple requests were made to exclude Maine and the non-Federally regulated parts of Virginia, Pennsylvania, northern New York, Vermont, and Massachusetts. Although specific reasons were not given in each comment, producer choice, adverse consequences for small businesses -- both producers and handlers, and increased consumer and distributor costs were identified as reasons to remain separate from Federal order marketing areas. Also, one comment contended that expansion would be considered illegal on both statutory and constitutional grounds.

All non-Federally regulated areas in New Hampshire, Vermont, New York (including the Western New York State order but not including two Southern Tier counties), and northeastern Pennsylvania (Areas 2 and 3 of the Pennsylvania Milk Marketing Board (PMMB)) are included as part of the suggested Northeast marketing area in this report. One unregulated county in western Massachusetts is also added.

As reported in the initial preliminary report, consolidation of Orders 1, 2 and 4 would result in full regulation for several partially regulated handlers due to aggregation of sales in current marketing areas. The balance of competition between these and other handlers would be expected to change with these changes in regulatory status. Some of these handlers are located outside the current Federal order areas or the initially suggested Northeast marketing area among handlers that would not be regulated without expansion of the marketing area. Maintaining orderly and equitable marketing conditions for plants located in the general area and competing for milk supplies and sales would suggest that the expansion of the current marketing areas becomes necessary.

Potential changes in order provisions also might affect the competitiveness of handlers. For example, Order 2's "pass-through" provision allows regulated handlers to receive and sell nonpool milk in unregulated areas in order to be competitive with unregulated handlers. The Identical Provisions Committee preliminary report suggests removal of this provision, and its elimination would alter the balance of competition among pool and non-pool handlers in currently-unregulated areas unless these areas are included in the consolidated marketing area.

Including all of New Hampshire does not change the regulatory status of any handlers. Requests were received to include, but none to exclude, this area. Administrative and reporting efficiencies would result by including all of New Hampshire.

In the absence of the pass-through provision, and without expanding to include all of Vermont, any regulated plants competing with unregulated distributing plants in Vermont would be subject to a competitive disadvantage. For example, a currently partially regulated Bennington, Vermont plant would become fully regulated in the suggested Northeast market due to aggregation of sales in Orders 1 and 2. Without the pass-through provision, it is expected that this plant, and any fully regulated plant, would have almost a two dollar per hundredweight disadvantage in the cost of Class I milk when competing with unregulated distributing plants in Vermont. Expansion to include these unregulated plants would eliminate this competitive inequity. In addition, the milk supply for Vermont handlers primarily comes from cooperatives which support expansion. One unregulated and four partially regulated plants would become fully regulated with expansion.

The western-most county in Massachusetts is suggested to be added to the Northeast marketing area, but the central “corridor” in the state, consisting of four partial counties, remains unregulated. No handlers in western Massachusetts meet the minimum requirements to become regulated and administrative efficiencies would result from adding this area. One currently unregulated handler is located in the central Massachusetts area. This handler does compete for sales with regulated handlers in this area, but disorderly marketing conditions do not appear to exist. Thus, it does not appear that this area needs to be included in the Northeast marketing area to achieve the goal of orderly marketing.

One currently unregulated handler in northern New York would become fully regulated with expansion. This handler is supplied primarily by a cooperative that supports expansion. As in the case of unregulated Vermont handlers, potential elimination of the pass-through provision would result in approximately a two dollar per hundredweight difference in Class I milk costs between unregulated and regulated handlers.

Cooperatives representing almost all the milk in the Western New York State order support expansion in that area. Consolidation (without expansion) would result in one western New York plant becoming fully regulated in the initially-suggested Northeast area. Two additional handlers would be regulated with expansion into the Western New York State order. Expansion into this area recognizes handler requests, overlap in sales and procurement between the Western New York State order and Order 2, the need for uniform pricing to competing handlers, and joint balancing of regional milk supplies with Order 2. Administrative efficiencies also would result.

Of the four Southern Tier counties in New York, two --Allegany and Steuben-- are included in the Northeast area while the remaining two --Chautauqua and Cattaraugus-- are included in the suggested Mideast area. The former two counties share a closer association with the Northeast marketing area, while the latter two counties are more closely related to the Mideast marketing area in terms of both producer milk and handlers’ route disposition

overlap. No handlers would be added to the suggested Northeast market area because of the addition of these two counties.

Counties located in PMMB Areas 2 and 3 are included in this suggested revision of the Northeast marketing area. Five of seven plants located in these areas either already are or would become regulated plants in the suggested consolidated Northeast marketing area without expansion. The remaining two plants are unregulated. One, Guer's Dairy, currently partially regulated under Order 4, would become fully regulated. A second plant, United Dairies in Sunbury, was referred to in a submitted comment, but information is limited and it is not included on the list of plants following this section. Overlap currently exists in sales and milk supplies between Areas 2 and 3 and Federal order areas. Almost all producer milk in these areas would be pooled on Federal orders with consolidation of Orders 1, 2, and 4.

Counties located in PMMB Area 6 are not included in the Northeast marketing area. However, because of greater association to the west, they are included and discussed further in the revised suggested Mideast marketing area. Natural boundaries may contribute to less of an association with the Northeast marketing area in comparison to the Mideast; the Appalachian Mountains tend to separate PMMB Areas 6 and 4 (currently part of the Middle Atlantic Federal order).

At this time, there appears to be no reason to add two currently unregulated western Maryland counties to the Northeast marketing area as requested. One handler located in western Maryland currently is partially regulated. With the inclusion of PMMB Area 6 in the Mideast marketing area, this handler would become fully regulated in the Mideast. Adding the two Maryland counties appears to be unnecessary to insure orderly marketing conditions.

The State of Maine is not included in the Northeast marketing area. Limited support was given to include this state while direct opposition to its inclusion was expressed. In addition, most Maine handlers are unregulated. Of the 10 Maine handlers in October 1995, eight were unregulated, one was partially regulated, and one was fully regulated under the New England Federal order. With the consolidation of markets, no additional regulation would result.

Several comments received suggested using the Pennsylvania-Maryland border as the boundary for the Northeast, with Maryland to be included in the suggested Appalachian marketing area. Support for this proposal claimed milk south of this border typically moves south to markets other than the Northeast. Evaluation of these comments requires more investigation than has taken place at this time. All comments will continue to receive consideration.

Using October 1995 information and under the standards used for this revised report, the addition of the previously unregulated areas would affect eight plants that currently are subject to no Federal regulation, seven of which would become fully regulated and one partially regulated in the revised suggested Northeast marketing area. Fifteen plants that were partially regulated under one of the three Northeast orders on the basis of October 1995 data would become fully regulated under the consolidated and expanded order (6 of these would

become fully regulated as a result of consolidating the three orders; the others as a result of expansion). Ninety-two plants would be fully regulated, nine would be partially regulated, 35 (including 27 currently non-Federally regulated) would be exempt by virtue of having route disposition less than 150,000 pounds, 45 would be producer handlers, and one would be a government agency plant in the revised suggested Northeast market.

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**LIST OF PLANTS AND REGULATORY STATUS  
BASED ON OCTOBER 1995**

PLANT NAME	CITY	ST	OCTOBER 1995		NORTHEAST
			FEDERAL ORDER	STATUS <sup>1</sup>	STATUS <sup>1</sup>
ARRUDA, GEORGIANNA (ESTATE OF)	TIVERTON	RI	New England	4	4
BANGMA, LEONARD & DONALD	UXBRIDGE	MA	New England	4	4
BECHTEL DAIRIES, INC.	ROYERSFORD	PA	Mid Atlantic	1	1
BEL PARK FARM	SUSQUEHANNA	PA		5	3B
BOICE BROS. DAIRY (RICHARD P. BOICE)	KINGSTON	NY	NY-NJ	1	1
BOOTH BROTHERS DAIRY, INC.	BARRE	VT	New England	2	1
BRIGGS, ROBERT A.	WEST MEDWAY	MA	New England	4	4
BROOKSIDE DAIRY	FITCHBURG	MA	New England	4	4
BYRNE DAIRY, INC.	SYRACUSE	NY	NY-NJ	1	1
CAMPBILL VILLAGE	KIMBERTON	PA		5	3B
CHARLAP DAIRY FARMS, INC.	HAMBURG	NY		5	1
CHRISTIANSEN DAIRY CO., INC.	NO. PROVIDENCE	RI	New England	1	1
CHROME DAIRY FARMS	OXFORD	PA	Mid Atlantic	1	1
CIENIEWICZ, JOSEPH	BERLIN	CT	New England	4	4
CLIFFORD W. & MARIE B. MOYER	DUBLIN	PA		5	3B
CLINTON MILK CO.	NEWARK	NJ	NY-NJ	1	1
CLOVER FARMS DAIRY COMPANY	READING	PA	NY-NJ	1	1
CLOVERLAND/ GREEN SPRING DAIRY	BALTIMORE	MD	Mid Atlantic	1	1
CLOVERLAND/ GREEN SPRING DAIRY	BALTIMORE	MD	Mid Atlantic	1	1
COOPER'S HILLTOP DAIRY FARM	ROCHDALE	MA	New England	4	4
CORBY, CHARLES	PITTSFORD	NY		5	3B
CORNELL UNIVERSITY	ITHACA	NY		5	2
CRESCENT RIDGE DAIRY, INC.	SHARON	MA	New England	4	4
CROWLEY FOODS, INC.	BINGHAMTON	NY	NY-NJ	1	1
CROWLEY FOODS, INC.	ALBANY	NY	NY-NJ	1	1
CROWLEY FOODS, INC.	CONCORD	NH	New England	1	1
CRYSTAL SPRING FARM, INC.	SCHNECKSVILLE	PA		5	3B
*CUMBERLAND DAIRY, INC.	BRIDGETON	NJ	Mid Atlantic	1	2
CUMBERLAND FARMS, INC.	EAST GREENBUSH	NY	NY-NJ	1	1

PLANT NAME	CITY	ST	OCTOBER 1995	NORTHEAST	
			FEDERAL ORDER	STATUS¹	STATUS¹
CUMBERLAND FARMS, INC.	CANTON	MA	New England	1	1
CUMBERLAND FARMS, INC.	FLORENCE	NJ	Mid Atlantic	1	1
DAIRY MAID DAIRY, INC.	FREDERICK	MD	Mid Atlantic	1	1
DAVID F. ARMSTRONG (SUNSET DAIRY)	WHITESBORO	NY	NY-NJ	1	1
*DELLWOOD FOODS, INC.	YONKERS	NY	NY-NJ	1	1
DUNAJSKI DAIRY, INC.	PEABODY	MA	New England	4	4
DUTCH VALLEY FOOD CO., INC.	SUNBURY	PA	Mid Atlantic	1	1
DUTCH WAY FARM MARKET	MYERSTOWN	PA	Mid Atlantic	4	4
EDWARDS, CHARLES A. (& KURT K. & KEITH C.--MODEL DAIRY FARM)	GLOVERSVILLE	NY	NY-NJ	4	4
ELMHURST DAIRY, INC.	JAMAICA	NY	NY-NJ	1	1
EMBASSY DAIRY, INC.	WALDORF	MD	Mid Atlantic	1	1
EMMONS WILLOW BROOK FARM, INC.	PEMBERTON	NJ	Mid Atlantic	4	4
*FAIRDALE FARMS, INC.	BENNINGTON	VT	New England	2	1
FANCY FURROW FARMS	EASTON	PA		5	3B
FARMER IN THE DELL	MANSFIELD	PA		5	3B
FARMERS COOP. DAIRY, INC.	HAZELTON	PA		5	1
FARMLAND DAIRIES, INC. &/OR FAIRDALE MILK COMPANY, INC.	WALLINGTON	NJ	NY-NJ	1	1
FISH FAMILY FARM, INC.	BOLTON	CT	New England	4	4
FOREST HOME FARM DAIRY	PAUPACK	PA		5	3B
FREDDY HILL FARM DAIRY	LANSDALE	PA	Mid Atlantic	4	4
*FREDRICK HINE	ORANGE	CT		5	3B
FRIENDSHIP DAIRIES, INC.	FRIENDSHIP	NY	NY-NJ	1	2
GARELICK FARMS, INC.	FRANKLIN	MA	New England	1	1
GIANT FOOD, INC.	LANDOVER	MD	Mid Atlantic	1	1
GRATERFORD STATE	GRATERFORD	PA	Mid Atlantic	6	6
GUERS DY., INC.	POTTSVILLE	PA	Mid Atlantic	2	1
GUIDA-SEIBERT DAIRY CO.	NEW BRITAIN	CT	New England	1	1
HALO FARM, INC.	TRENTON	NJ	Mid Atlantic	1	1
HAHN'S CLOVERLEAF DAIRY, INC.	PALMERTON	PA		5	3B
*HARBY, JOSEPH F.	WALTON	NY	NY-NJ	1	1
HARRISBURG DAIRIES, INC.	HARRISBURG	PA	Mid Atlantic	1	1
HERITAGE'S DAIRY, INC.	THOROFARE	NJ	Mid Atlantic	1	1
HERMANY FARMS, INC.	BRONX	NY	NY-NJ	1	1
HIGHLAWN FARM	LEE	MA		5	3B
HILL FARM OF VERMONT	PLAINFIELD	VT		5	3B

PLANT NAME	CITY	ST	OCTOBER 1995		NORTHEAST
			FEDERAL ORDER	STATUS¹	STATUS¹
HILLCREST DAIRY, INC. (MICHAEL J. JANAS)	FLEMING	NY	NY-NJ	4	4
HILLSIDE FARMS, INC.	SHAVERTOWN	PA		5	3B
HOGAN, FRANCIS J. (& ANDREW J. & SEAN P. -- HOGAN'S DAIRY)	HUDSON FALLS	NY	NY-NJ	4	4
HOMESTEAD DAIRIES, INC.	MASSENA	NY		5	1
HOOVER DAIRY	SANBORN	NY		5	3B
HOWARD HATCH	N. HAVERHILL	NH	New England	1	1
*HUDAK, RUDOLPH	SHELTON	CT	New England	4	4
HY POINT DAIRY FARMS, INC.	WILMINGTON	DE	Mid Atlantic	1	1
HYLAND DAIRY	WILKESBARRE	PA		5	3B
H.E.A., INC.	CRANSTON	RI	New England	1	1
H.P. HOOD, INC.	NEWINGTON	CT	New England	2	2
H.P. HOOD, INC.	PORTLAND	ME	New England	1	1
H.P. HOOD, INC.	AGAWAM	MA	New England	1	1
*H.P. HOOD, INC.	CHARLESTON	MA	New England	1	1
H.P. HOOD, INC.	BURLINGTON	VT	New England	2	1
H.P. HOOD, INC.	ONEIDA	NY	NY-NJ	2	1
JOSEPH MEYER	BETHEL	PA		5	3B
KEMPS FOODS, INC.	LANCASTER	PA	Mid Atlantic	1	1
KOLB'S FARM STORE	SPRING CITY	PA	Mid Atlantic	4	4
KREIDER DAIRY FARMS, INC.	MANHEIM	PA	NY-NJ	2	1
KRISCO, INC. (KRISCO FARMS)	CAMPBELL HALL	NY	NY-NJ	4	4
LAPP VALLEY FARM	NEW HOLLAND	PA	Mid Atlantic	4	4
*LEHIGH VALLEY DAIRIES, INC.	FORT WASHINGTON	PA	Mid Atlantic	1	1
*LEHIGH VALLEY DAIRIES, INC.	LANSDALE	PA	NY-NJ	1	1
LEHIGH VALLEY DAIRIES, INC.	SCHUYKILL HAVEN	PA	NY-NJ	2	1
LEON EPLER FARMS, INC.	NORTHUMBERLAND	PA		5	3B
LEWES DAIRY, INC.	LEWES	DE	Mid Atlantic	1	1
LEWIS COUNTY DAIRY CORP.	LOWVILLE	NY	NY-NJ	1	1
*LONGACRE'S MODERN DAIRY, INC.	BARTO	PA	Mid Atlantic	2	1
*LUNDGREN & JONAITIS DAIRY FARMS, INC.	SHREWSBURY	MA	New England	1	1
MANINO, ROSE (DARI-DELL)	FRANKFORT	NY	NY-NJ	2	3B
MANNING FARM DAIRY	DALTON	PA		5	3B
MAPLE GROVE FARMS	NAZARETH	PA		5	3B
MAPLE HILL FARMS, INC.	BLOOMFIELD	CT	New England	1	1
*MAPLEDALE DAIRY, INC.	ROME	NY	NY-NJ	1	3B
MAPLEHOFE DAIRY, INC.	QUARRYVILLE	PA	Mid Atlantic	4	4
MARCUS DAIRY, INC.	DANBURY	CT	NY-NJ	1	1

PLANT NAME	CITY	ST	OCTOBER 1995		NORTHEAST	
			FEDERAL ORDER	STATUS¹	STATUS¹	
MARTIN'S COUNTRY MARKET	MORGANTOWN	PA		5	3B	
*MASON DIXON FARM DAIRY	GETTYSBURG	PA	Mid Atlantic	1	1	
MEADOW BROOK FARMS, INC.	POTTSTOWN	PA	Mid Atlantic	1	1	
MERCERS DAIRY, INC.	BOONVILLE	NY	NY-NJ	2	3B	
MERRYMEAD FARM	LANSDALE	PA	Mid Atlantic	4	4	
MILKY WAY FARM	TROY	PA		5	3B	
*MOHAWK DAIRY (Z & R CORP.)	AMSTERDAM	NY	NY-NJ	1	1	
MONUMENT FARMS, INC.	MIDDLEBURY	VT		5	1	
MOSIER'S DAIRY	EAST STROUDSBURG	PA		5	3B	
MOUNT WACHUSETT DAIRY, INC.	W. BOYLSTON	MA	New England	1	1	
MOUNTAINSIDE FARMS, INC.	ROXBURY	NY	NY-NJ	1	1	
MUNROE, A B DAIRY, INC.	EAST PROVIDENCE	RI	New England	1	1	
NEW ENGLAND DAIRIES, INC.	HARTFORD	CT	New England	1	1	
*NICASTRO, JOSEPH & CROSS (RIVERSIDE FARMS)	FRANKFORT	NY	NY-NJ	4	4	
OAK TREE FARM DAIRY, INC.	EAST NORTHPORT	NY	NY-NJ	1	1	
OAKHURST DAIRY	PORTLAND	ME	New England	2	2	
OLEY TURNPIKE DAIRY	OLEY	PA		5	3B	
OREGON DAIRY FARM MKT.	LITITZ	PA	Mid Atlantic	4	4	
*PARKER, A C & SONS, INC.	CLINTON	MA	New England	1	1	
*PARMALAT WEST DAIRIES, INC.	SPRING CITY	PA	Mid Atlantic	2	2	
PATRICK MCNAMARA	WEST LEBANON	NH	New England	4	4	
PAYNES DAIRY	KNOXVILLE	PA		5	1	
PEACEFUL MEADOWS ICE CREAM, INC.	WHITMAN	MA	New England	4	4	
PEARSON, ROBERT L.	WEST MILLBURY	MA	New England	4	4	
PECORA BROS. FARM DAIRY	DRUMS	PA		5	1	
PEDRO, JOSEPH	FALL RIVER	MA	New England	4	4	
PEN-COL DAIRY	MILLVILLE	PA		5	3B	
PENNVUE FARMS	PERKASIE	PA	Mid Atlantic	4	4	
PERRYDELL FARMS	YORK	PA	Mid Atlantic	4	4	
PETER FLINT	CHELSEA	VT	New England	1	1	
PINE VIEW ACRES, INC.	LANCASTER	PA	Mid Atlantic	4	4	
PIONEER DAIRY, INC.	SOUTHWICK	MA	New England	1	1	
*PLEASANT VIEW FARMS DAIRY	ST. THOMAS	PA	Mid Atlantic	4	4	
PULEO'S DAIRY	SALEM	MA	New England	1	3B	
QUALITY MILK, INC.	WARE	MA		5	5	
QUEENSBORO FARM PRODUCTS, INC.	CANASTOTA	NY	NY-NJ	1	2	

PLANT NAME	CITY	ST	OCTOBER 1995		NORTHEAST	
			FEDERAL ORDER	STATUS¹	STATUS¹	
READINGTON FARMS, INC.	WHITEHOUSE	NJ	NY-NJ	1	1	
READY FOODS, INC.	PHILADELPHIA	PA	Mid Atlantic	2	2	
RICHARD & JANET KREIBEL	BENTON	PA		5	3B	
RICHARDSON FARMS, INC.	MIDDLETON	MA	New England	4	4	
RICHARDSONS G. H. DAIRY	DRACUT	MA	New England	3A	3B	
*RICHFOOD DAIRY	RICHMOND	VA	Mid Atlantic	2	1	
RIDGE VIEW FARMS	ELIZABETHTOWN	PA	Mid Atlantic	4	4	
RIVERVIEW DAIRY FARMS	WALNUTPORT	PA		5	3B	
RONNYBROOK FARM DAIRY, INC.	ANCRAMDALE	NY	NY-NJ	4	4	
ROSENBERGER'S DAIRIES, INC.	HATFIELD	PA	Mid Atlantic	1	1	
*RUDOLPH STEINER EDUCATION & FARMING ASSOC., INC.	GHENT	NY	NY-NJ	4	4	
*RUSSELL SEARS	CUMMINGTON	MA	New England	4	4	
RUTTER BROS. DAIRY, INC.	YORK	PA	Mid Atlantic	1	1	
SALEM VALLEY FARMS, INC.	SALEM	CT	New England	4	4	
*SARATOGA DAIRY, INC.	SARATOGA SPRINGS	NY	NY-NJ	1	1	
SEWARD DAIRY, INC.	RUTLAND	VT	New England	2	1	
SHAW FARM DAIRY, INC.	DRACUT	MA	New England	4	4	
SHENANDOAH'S PRIDE DAIRY	SPRINGFIELD	VA	Mid Atlantic	1	1	
STEARNS, WILLARD J. & SONS, INC.	STORRS	CT	New England	4	4	
STEWART J. LEONARD	NORWALK	CT	New England	1	1	
STOP & SHOP COMPANIES, INC.	READVILLE	MA	New England	1	1	
STUMP ACRES DAIRY FARMS	YORK	PA		5	3B	
SULOMAN'S MILK	GILBERTSVILLE	PA	Mid Atlantic	4	4	
SUNNYDALE FARMS, INC.	BROOKLYN	NY	NY-NJ	1	1	
SYNAKOWSKI WALTER J (VALLEY SIDE FARM)	REMSSEN	NY	NY-NJ	4	4	
TANNER BROS. DAIRY	WARMINSTER	PA	Mid Atlantic	4	4	
THOMAS, ORIN & SONS, INC.	RUTLAND	VT	New England	2	1	
*TRINITY FARM	ENFIELD	CT	New England	3A	3B	
TURKEY HILL DAIRY, INC.	CONESTOGA	PA	Mid Atlantic	1	1	
TURNER'S DAIRY, INC.	SALEM	NH	New England	1	1	
TUSCAN DAIRY FARMS, INC.	UNION	NJ	NY-NJ	1	1	
TUSCAN DAIRY FARMS, INC.	FRASER	NY	NY-NJ	2	2	
UPSTATE MILK COOPERATIVES, INC.	ROCHESTER	NY	NY-NJ	2	1	
UPSTATE MILK COOPERATIVES, INC.	BUFFALO	NY	NY-NJ	2	1	
VALLEY FARMS, INC.	WILLIAMSPORT	PA	NY-NJ	2	1	
VALLEY OF VIRGINIA COOP.	MT. CRAWFORD	VA	Mid Atlantic	2	1	

PLANT NAME	CITY	ST	OCTOBER 1995		NORTHEAST
			FEDERAL ORDER	STATUS <sup>1</sup>	STATUS <sup>1</sup>
VAN WIE, CHARLES F. (MEADOWBROOK FARMS DAIRY)	CLARKSVILLE	NY	NY-NJ	4	4
WAWA DAIRY FARMS	WAWA	PA	Mid Atlantic	1	1
WAY-HAR FARMS	BERNVILLE	PA	NY-NJ	2	3B
WELSH FARMS, INC.	LONG VALLEY	NJ	NY-NJ	1	1
WENDTS DAIRY DIV NIAGARA CO.	NIAGARA FALLS	NY		5	1
WENGERT'S DAIRY, INC.	LEBANON	PA	Mid Atlantic	1	1
WEST LYNN CREAMERY, INC.	LYNN	MA	New England	1	1
WILLIAM WALSH	SIMSBURY	CT	New England	4	4
WINSOR, S. B. DAIRY, INC.	JOHNSTON	RI	New England	1	3B
WRIGHT'S DAIRY FARM, INC.	NORTH SMITHFIELD	RI	New England	4	4

<sup>1</sup>DISTRIBUTING PLANT STATUS:

- 1: POOL
- 2: PARTIALLY REGULATED
- 3: EXEMPT
  - A: AS DEFINED UNDER CURRENT FEDERAL ORDERS
  - B: WITH ROUTE DISPOSITION LESS THAN 150,000 LBS. PER MONTH  
(AS SUGGESTED IN IDENTICAL PROVISIONS REPORT)
- 4: PRODUCER-HANDLER
- 5: UNREGULATED
- 6: GOVERNMENT AGENCY

\*Indicates plants with changes in status, federal order, name/ownership or are out of business. (See below)

## IDENTIFIED RECENT MARKET DEVELOPMENTS

(as of February 1997 pool; information not included in analysis)

### Status Changes:

<i>Cumberland Dairy, Inc.</i>	Bridgeton, NJ	
From Pool to Partially Regulated, F.O. 4		Jan. 96
<i>David Nichols</i>	Chesterfield, MA	
New - Exempt Handler		Feb. 97
<i>Fredrick Hine</i>	Orange, CT	
From Unregulated to Producer-Handler, F.O. 1		Apr. 96
<i>Grants Dairy Inc</i>	Bangor, ME	
From Unregulated to Partially Regulated, F.O. 1		Oct. 96
From Partially Regulated, F.O. 1 to Unregulated		Jan. 97
<i>Richfood Dairy</i>	Richmond, VA	
From Partially Regulated to Pool, F.O. 4		June 96
<i>Rudolph Steiner Education &amp; Farming Assoc., Inc.</i>	Ghent, NY	
From Producer-Handler to Unregulated, F.O. 2		Aug. 96
<i>Trinity Farm</i>	Enfield, CT	
From Exempt to Producer-Handler, F.O. 1		March 96

### Changes in Regulating Order:

<i>Fairdale Farms, Inc.</i>	Bennington, VT	
To F.O. 2 from F.O. 1 (part. reg. under both orders)		Oct. 96
To F.O. 1 from F.O. 2 (part. reg. under both orders)		Jan. 97

<i>Lehigh Valley Dairies, Inc.</i>	Lansdale, PA	
To F.O. 4 from F.O. 2		Aug. 96
<i>Longacre's Modern Dairy, Inc.</i>	Barto, PA	
To F.O. 2 from F.O. 4 (part. reg. under both orders)		July 96
<i>Parmalat West Dairies, Inc.</i>	Spring City, PA	
To F.O. 2 from F.O. 4 (part. reg. under both orders)		Apr. 96
<u>Name Changes/*Ownership Changes:</u>		
<i>*Dellwood Foods, Inc. to</i>		
<i>Tuscan Dairy Farms, Inc.</i>	Yonkers, NY	May 95
<i>Lundgren &amp; Jonaitis Dairy Farms, Inc.</i>		
to Whittier Creamery Co., Inc.		
	Shrewsbury, MA	Apr. 96
<i>Mohawk Dairy (Z &amp; R Corp) to Z &amp; R</i>		
<i>Corp (Mohawk Dairy)</i>	Amsterdam, NY	Unk.
<i>Nicastro, Joseph &amp; Cross (Riverside Farms)</i>		
to Nicastro Farms, Inc. (Riverside Farms)		
	Frankfort, NY	Dec. 96
<i>Saratoga Dairy, Inc. to Stewart's</i>		
<i>Processing Corp.</i>	Saratoga Springs, NY	Unk.
<u>Out of Business:</u>		
<i>Dellwood Foods, Inc.</i>	Yonkers, NY	Mar. 96
<i>Harby, Joseph F.</i>	Walton, NY	Jan. 96
<i>H.P. Hood, Inc.</i>	Charleston, MA	May 96
<i>Hudak, Rudolph</i>	Shelton, CT	Feb. 96
<i>Lehigh Valley Dairies, Inc.</i>	Fort Washington, PA	July 96
<i>Mapledale Dairy, Inc.</i>	Rome, NY	July 96
<i>Mason Dixon Farm Dairy</i>	Gettysburg, PA	July 96
<i>Parker, A C &amp; Sons Inc.</i>	Clinton, MA	Jun 96
<i>Pleasant View Farms Dairy</i>	St. Thomas, PA	Nov. 96
<i>Russell Sears</i>	Cummington, MA	Dec. 96

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## **NORTHEAST MARKETING AREA - 191 counties, 7 cities and the District of Columbia**

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### **Connecticut - 8 counties (All currently in F.O. 1)**

All counties.

### **Delaware - 3 counties (All currently in F.O. 4)**

All counties.

### **District of Columbia - 1 (Currently in F.O. 4)**

### **Maryland - 21 counties and the City of Baltimore (All currently in F.O. 4)**

Counties of Anne Arundel, Baltimore, Calvert, Caroline, Carroll, Cecil, Charles, Dorchester, Frederick, Harford, Howard, Kent, Montgomery, Prince Georges, Queen Annes, Somerset, St. Marys, Talbot, Washington, Wicomico, Worcester.

City of Baltimore.

**Massachusetts - 12 counties (7 whole and 4 partial currently in F.O. 1; *1 currently unregulated*)**

Counties of Barnstable, *Berkshire*, Bristol, Essex, Franklin (except the towns of New Salem, Orange, and Warwick), Hampden (except the towns of Brimfield, Monson, Palmer, and Wales), Hampshire (except the town of Ware), Middlesex, Norfolk, Plymouth, Suffolk, Worcester (except the towns of Athol, Barre, Douglas, East Brookfield, Hardwick, New Braintree, North Brookfield, Northbridge, Petersham, Philipston, Royalston, Templeton, Uxbridge, Warren, West Brookfield, and Winchendon).

**New Hampshire - 10 counties (6 whole and 2 partial currently in F.O. 1; *2 whole and 2 partial currently unregulated*)**

[All counties]

Counties of Belknap, *Carroll*, Cheshire, *Coos*, Grafton, Hillsborough, Merrimack, Rockingham, Strafford, Sullivan.

**New Jersey - 21 counties (12 currently in F.O. 2; *8 currently in F.O. 4; 1 currently in F.O. 2 and F.O. 4*)**

[All counties]

Counties of *Atlantic*, Bergen, *Burlington*, *Camden*, *Cape May*, *Cumberland*, Essex, *Gloucester*, Hudson, Hunterdon, *Mercer*, Middlesex, Monmouth, Morris, Ocean, Passaic, *Salem*, Somerset, Sussex, Union, Warren.

**New York - 55 counties and New York City (27 whole, 11 partial, and New York City currently in F.O. 2; *17 whole and 11 partial currently unregulated*)**

Counties of Albany, *Allegany*, Broome, Cayuga, Chemung, Chenango, *Clinton*, Columbia, Cortland, Delaware, Dutchess, *Erie*, Essex, *Franklin*, Fulton, *Genesee*, Greene, *Hamilton*, Herkimer, *Jefferson*, *Lewis*, *Livingston*, Madison, *Monroe*, Montgomery, Nassau, New York (including all of the territory within the boundaries of the city of New York), *Niagara*, Oneida, Onondaga, *Ontario*, Orange, *Orleans*, Oswego, Otsego, Putnam, Rensselaer, Rockland, *St. Lawrence*, Saratoga, Schenectady, Schoharie, Schuyler, *Seneca*, Steuben, Suffolk, Sullivan, Tioga, Tompkins, Ulster, Warren, Washington, Wayne, Westchester, *Wyoming*, Yates.

**Pennsylvania - 38 counties (15 currently in F.O. 4; *23 currently unregulated*)**

Counties of Adams, *Berks*, *Bradford*, Bucks, *Carbon*, Chester, *Clinton*, *Columbia*, *Cumberland*, Dauphin, Delaware, Franklin, Fulton, Juniata, *Lackawanna*, Lancaster, Lebanon, *Lehigh*, *Luzerne*, *Lycoming*, *Monroe*, *Montour*, Montgomery, *Northampton*, *Northumberland*, Perry, Philadelphia, *Pike*, *Potter*, *Schuykill*, *Snyder*, *Sullivan*, *Susquehanna*, *Tioga*, *Union*, *Wayne*, *Wyoming*, York.

**Rhode Island - 5 counties (All currently in F.O. 1, with addition of New Shoreham)**

All counties.

**Vermont - 14 counties (3 partial currently in F.O. 1; *11 whole and 3 partial currently unregulated*)**

Counties of *Addison*, Bennington, *Caledonia*, *Chittenden*, *Essex*, *Franklin*, *Grand Isle*, *Lamoille*, *Orange*, *Orleans*, *Rutland*, *Washington*, Windham, Windsor.

**Virginia - 4 counties and 5 cities (4 counties and 3 cities in F.O. 4; 2 cities currently unregulated)**

Counties of Arlington, Fairfax, Loudoun, Prince William.

Cities of Alexandria, Fairfax, Falls Church, *Manassas*, *Manassas Park*.

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## **SUGGESTED APPALACHIAN MARKETING AREA MAPS**

This version of the report is text only. Click **SUGGESTED APPALACHIAN MARKETING AREA MAPS** to view/print this graphic.

## SUGGESTED APPALACHIAN MARKETING AREA

Consolidated Market:           Appalachian

Current Markets:               Carolina, F.O.5  
                                   Tennessee Valley, F.O. 11  
                                   Louisville-Lexington-Evansville, F.O. 46, less one county  
 Plus:   3 unregulated counties in Indiana  
           23 unregulated counties in Kentucky

TABLE 1. STATUS OF DISTRIBUTING PLANTS <sup>1, 2</sup> OCTOBER 1995										
Federal Order	Number of Fully Regulated Plants		Number of Partially Regulated Plants		Number of Exempt Plants		Number of Producer Handlers		Number of Government Agency Plants	
	Initial Report	Revised Report	Initial Report	Revised Report	Initial Report <sup>3</sup>	Revised Report <sup>4</sup>	Initial Report	Revised Report	Initial Report	Revised Report
<b>F.O. 5</b>	17	17	0	0	0	3B: 0	0	0	1	1
<b>F.O. 11</b>	8	7	0	0	0	3B: 1	0	0	0	0
<b>F.O. 46<sup>5</sup></b>	5	5	0	0	0	3B: 0	0	0	0	0
<b>APPALACHIAN</b>	<b>25</b>	<b>29</b>	<b>0</b>	<b>2<sup>6</sup></b>	<b>0</b>	<b>3B: 1</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>

<sup>1</sup> Based on status of distributing plant under initial suggested consolidated order and initial pool distributing plant standard of 30 percent of receipts as Class I disposition and 15 percent of receipts as Class I disposition inside the initial suggested marketing area.

<sup>2</sup> Based on status of distributing plant under revised suggested consolidated order and Identical Provisions report pool distributing plant standard of 25 percent of receipts as Class I disposition and 15 percent of total route disposition inside the revised suggested marketing area.

<sup>3</sup> Exempt as defined under current Federal orders.

<sup>4</sup> 3B: Exempt with route disposition less than 150,000 lbs. per month (as suggested in Identical Provisions report).

<sup>5</sup> F.O. 46 plants in initial report not included in Appalachian market. F.O. 46 was included in initially-suggested Mideast market.

<sup>6</sup> Both current partially regulated plants in F.O. 4 which would be partially regulated in the revised suggested Appalachian market.

TABLE 2. MARKET INFORMATION BASED ON OCTOBER 1995 POOL DATA						
Federal Order	Total Producer Milk (1000 lbs.)		Class I Utilization Percentage		Weighted Average Utilization Value <sup>3</sup>	
	Initial Report <sup>1</sup>	Revised Report <sup>2</sup>	Initial Report	Revised Report	Initial Report	Revised Report
F.O. 5	207,898	207,898	83.51%	83.51%	\$14.22	\$14.22
F.O. 11	112,300	112,300 <sup>4</sup>	80.63%	80.63%	\$13.92	\$13.92
F.O. 46 <sup>5</sup>	92,615	92,615	78.21%	78.21%	\$13.35	\$13.35
APPALACHIAN	<b>320,198</b>	<b>412,813</b>	<b>82.50%</b>	<b>81.54%</b>	<b>\$14.11</b>	<b>\$13.94</b>

<sup>1</sup> Producer deliveries of milk to handlers regulated under Federal orders, October 1995 (Table 6, *Federal Milk Order Market Statistics for September and October 1995*, FMOS-410, Agricultural Marketing Service, USDA).

<sup>2</sup> Initial report producer deliveries, adjusted to include only those handlers who would be fully regulated (i.e. Status = 1) in the revised suggested marketing area.

<sup>3</sup> **Not a blend price** -- shown solely for the purpose of showing impact of consolidation on utilization.

<sup>4</sup> Includes producer deliveries for one currently fully regulated plant whose status would change to 3B in the revised consolidation.

<sup>5</sup> F.O. 46 market information for initial report not included in Appalachian market. F.O. 46 was included in initially-suggested Mideast market.

## SUMMARY OF COMMENTS AND RESPONSES

The Appalachian marketing area suggested in the Preliminary Report has been revised to include the Louisville-Lexington-Evansville (Federal order 46) marketing area (less one county) and 26 currently unregulated counties in Indiana and Kentucky, in addition to the Carolina (Federal order 5) and Tennessee Valley (Federal order 11) marketing areas.

Some suggestions were made in comments submitted prior to and since the release of the initial Preliminary Report. In almost all of the comments, which were filed by cooperatives, individual producers, producer handlers, and agricultural-related organizations, most would consolidate Orders 5 and 11, while many also would include Order 46 in this combination. Comments generally favored consolidation of these two or three orders, as consolidation would recognize the overlap in procurement and sales and competition among plants, especially between Order 5 and 11 plants.

Several comments note the viability of consolidating these areas with the current Southeast marketing area (Order 7), but cautioned against doing so because of the size of this potential marketing area and also because no significant changes in marketing conditions have occurred since the Southeast order as it currently exists was formed in 1995. Comments suggest a greater association exists between Orders 5, 11, and 46 than with Order 7.

Since the Preliminary Report's release, market conditions in this region have changed significantly enough to re-examine updated market information for Orders 5, 7, 11, and 46. The supplying of a large account within the Order 46 market changed from a plant located outside of the Order 46 marketing area to a handler within this market. Handler data for

January 1997 was collected to determine the impact of this significant change. The addition to the Order 46 pool of the milk associated with this account has changed the composition of Order 46 to the extent that a larger portion of milk associated with Order 46 has stayed within the marketing area or moved south, instead of north as was indicated with October 1995 information. Thus, changing market conditions indicate that inclusion of Order 46 in the revised Appalachian market rather than the Mideast market as was suggested initially is appropriate.

The 29 handlers who would be fully regulated in the revised Appalachian market have 80 percent of their route disposition within this revised marketing area, 11 percent to the suggested Southeast market (primarily Georgia), 3 percent to the current Ohio Valley (Order 33) market, and 4 percent to unregulated areas in Virginia. Two handlers represent two-thirds of the disposition into the Southeast, yet more than half of their route disposition occurs within the Appalachian market. Southeast handlers have 10 million pounds of route disposition into the Appalachian market, which represents less than three percent of Southeast handler's total route disposition. The lack of widespread overlap between the Appalachian and Southeast markets suggests that Orders 5, 7, 11, and 46 should not be consolidated into one market.

The state of Georgia has not been added to the revised Appalachian market at this time. January 1997 data indicated that handlers in Georgia have only two million pounds (4.4 percent) of route disposition into the revised Appalachian market. Georgia handlers ship eleven percent of their route disposition into Florida. Producer milk receipts show some movement of milk between Georgia and the Appalachian market. Georgia handlers received less than five percent of their producer milk from the Appalachian marketing area, while Appalachian handlers received less than six percent of their producer milk from Georgia. An almost equal amount of Georgia milk went to other Southeast handlers as went to handlers in the Appalachian market. Thus, data indicates that Georgia does not have a significantly greater association with the revised Appalachian market in comparison to other surrounding Federal order markets to suggest consolidation of these areas.

Several comments suggest that portions of Order 33 in Ohio and West Virginia (the southern two tiers of Ohio counties, to include Cincinnati and Marietta, and southern West Virginia, to include Charleston), as well as Kentucky and Tennessee (excluding the western portion) should be included in this marketing area. One of these comments contends that this "intermediate" market between the "reserve supply" area to the north and the "deficit market" to the south would result in greater orderliness because of improved alignment of Class I and producer prices.

Because of a lack of significant overlap, suggestions to include the southern portion of the Ohio Valley market with Order 46 are not supported by the January 1997 data used in this analysis. Three percent of route disposition from the Appalachian market moves to Order 33 while less than one million pounds of Order 33 milk moves into Order 46.

Other comments suggest:

- that all of Virginia currently not included in a Federal order marketing area should be included in this area.
- that Maryland be included in this area, as contentions were made that greater association in milk supply exists and is expected to continue between Maryland and areas south.
- that Federal orders 32, 33, 46 and 49 be consolidated along with Tennessee, Kentucky, West Virginia and part of North Carolina and some unregulated territory, on the basis that the area would create more orderly marketing conditions between orders and enhance the producer price in some of the areas to be included.
- that the States of Georgia and Alabama be added to the Order 5 and 11 areas, citing strengthening ties between South Carolina and Georgia in packaged product processing and sales, accessible new plant locations, and expected future population growth.
- that the Indiana counties currently located in Federal order 46 should not be included in the Appalachian marketing area.

The lack of support expressed within the comments to include Virginia, along with the strong response from the state itself to be excluded, has resulted in omitting Virginia as part of a consolidated Federal order. Seven plants in Virginia were not fully regulated in Federal orders as of October 1995. One plant would be exempt as it has less than 150,000 pounds of route disposition and another only has sales into unregulated portions of Virginia. Under the suggested consolidations two Virginia plants would be fully regulated in the Northeast and one in the Mideast market. Of the remaining two plants, one would be partially regulated in the Appalachian market and one would be partially regulated in the Northeast market. These two partially regulated plants have over 90 percent of their route disposition within the non-Federally regulated areas of Virginia. The limited association with any of the existing Federal order markets does not support expansion of Federal order regulation to the remainder of Virginia.

Without a strong basis to include Virginia in this revised Appalachian area, it becomes difficult to give strong consideration to including Maryland in this market at this time. Evaluation of this suggestion requires more investigation than has taken place at this time. All comments will continue to receive consideration.

Orders 32 and 49 are not included in the revised Appalachian market at this time. Order 32 has greater association with markets to its west and southwest. Likewise, Order 49 has greater association with the markets combined in the revised Mideast marketing area.

Order 46 handlers located in Indiana compete with Kentucky handlers, as well as Southeast handlers, for milk supplies and sales.

Using October 1995 information and under the standards used for this revised report, the addition of Order 46 to the initially-suggested Appalachian marketing order results in four more fully regulated plants. Five fully regulated plants currently are associated with Order 46,

but one Order 11 plant which would have been fully regulated in the initial report would be exempt (due to size) in this revision. Twenty-nine plants would be fully regulated, two would be partially regulated (currently partially regulated under Order 4), one would be exempt by virtue of having route disposition less than 150,000 pounds, and one would be a government agency plant in the revised suggested Appalachian market.

One handler, Superbrand Dairy Products, Inc., located in the Order 5 marketing area qualifies on the Southeast market based on route disposition in October 1995, and also would qualify based on January 1997 information. This plant, located in Greenville, SC, was pooled on the Southeast order in October 1995 but was locked in to regulation under the Carolina order in February 1996 because of the handler's need to be more competitive in procuring its milk supply.

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**LIST OF PLANTS AND REGULATORY STATUS  
BASED ON OCTOBER 1995**

PLANT NAME	CITY	ST	OCTOBER 1995		APPALACHIAN
			FEDERAL ORDER	STATUS <sup>1</sup>	STATUS <sup>1</sup>
BROADACRE DAIRIES	POWELL	TN	Tenn Valley	1	1
CAROLINA DAIRIES	KINSTON	NC	Carolina	1	1
COBURG DAIRY, INC.	N. CHARLESTON	SC	Carolina	1	1
DAIRY FRESH, LP.	WINSTON-SALEM	NC	Carolina	1	1
DEAN MILK CO.	LOUISVILLE	KY	Louis - Lex - Evans	1	1
FLAV-O-RICH, INC.	WILKESBORO	NC	Carolina	1	1
FLAV-O-RICH, INC.	LONDON	KY	Tenn Valley	1	1
FLAV-O-RICH, INC.	BRISTOL	VA	TennValley	1	1
FLAV-O-RICH, INC.	FLORENCE	SC	Carolina	1	1
*FLAV-O-RICH, INC.	GOLDSBORO	NC	Carolina	1	1
GOLDEN GALLON, INC.	CHATTANOOGA	TN	Tenn Valley	1	1
HOLLAND DAIRIES, INC.	HOLLAND	IN	Louis - Lex - Evans	1	1
HUNTER FARMS	HIGHPOINT	NC	Carolina	1	1
HUNTER FARMS	CHARLOTTE	NC	Carolina	1	1
IDEAL AMERICAN DAIRY	EVANSVILLE	IN	Louis - Lex - Evans	1	1
*JACKSON DAIRY	DUNN	NC	Carolina	1	1
JERSEY RIDGE DAIRY, INC.	KNOXVILLE	TN	Tenn Valley	1	3B
LAND-O-SUN DAIRIES, INC.	KINGSPORT	TN	Tenn Valley	1	1
LAND-O-SUN DAIRIES, INC.	PORTSMOUTH	VA	Mid Atlantic	2	2
LAND-O-SUN DAIRIES, INC.	SPARTANBURG	SC	Carolina	1	1
MAOLA MILK & ICE CREAM CO.	NEW BERN	NC	Carolina	1	1
*MARVA MAID DAIRY	NEWPORT NEWS	VA	Mid Atlantic	2	2
MAYFIELD DAIRY FARMS, INC.	ATHENS	TN	TennValley	1	1
MILKCO, INC.	ASHEVILLE	NC	Carolina	1	1

## LIST OF PLANTS AND REGULATORY STATUS BASED ON OCTOBER 1995

PLANT NAME	CITY	ST	OCTOBER 1995		APPALACHIAN
			FEDERAL ORDER	STATUS <sup>1</sup>	STATUS <sup>1</sup>
NORTH CAROLINA ST. UNIV.	RALEIGH	NC	Carolina	6	6
PEELER JERSEY FARMS, INC.	GAFFNEY	SC	Carolina	1	1
*PINE STATE CREAMERY CO.	RALEIGH	NC	Carolina	1	1
REGIS MILK CO.	CHARLESTON	SC	Carolina	1	1
SOUTHERN BELLE DAIRY, INC.	SOMERSET	KY	Tenn Valley	1	1
SUPERBRAND DAIRY, INC.	HIGHPOINT	NC	Carolina	1	1
U C MILK CO	MADISONVILLE	KY	Louis - Lex - Evans	1	1
WESTOVER DAIRIES	LYNCHBURG	VA	Carolina	1	1
WINCHESTER FARMS DAIRY	WINCHESTER	KY	Louis - Lex - Evans	1	1

<sup>1</sup>DISTRIBUTING PLANT STATUS:

- 1: POOL
- 2: PARTIALLY REGULATED
- 3: EXEMPT
- A: AS DEFINED UNDER CURRENT FEDERAL ORDERS
- B: WITH ROUTE DISPOSITION LESS THAN 150,000 LBS. PER MONTH  
(AS SUGGESTED IN IDENTICAL PROVISIONS REPORT)
- 4: PRODUCER-HANDLER
- 5: UNREGULATED
- 6: GOVERNMENT AGENCY

\*Indicates plants with changes in status, federal order, name/ownership or are out of business. (See below)

### IDENTIFIED RECENT MARKET DEVELOPMENTS

(As of February 1997 pool; information not included in analysis).

Status Changes:

Effective:

<i>Jackson Dairy</i>	Dunn, NC	
From Pool F.O. 5 October and November 1995, September 1996, November 1996, December 1996, and January 1997 to Producer-handler all other months		
<i>Mapleview Farms</i>	Hillsboro, NC	
New - Pool plant		Nov. 96
<i>Marva Maid Dairy</i>	Newport News, VA	
From Partially Regulated, F.O. 4 to Unregulated		Dec. 96

Changes in Regulating Order:

<i>Superbrand Dairy, Inc.</i>	Greenville, SC	Feb. 96
From F.O. 7 to F.O. 5 because of Order 5 lock-in provision.		

Out of Business:

<i>Flav-O-Rich</i>	Goldsboro, NC	Dec. 96
<i>Pine State Creamery Co.</i>	Raleigh, NC	June 96

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**APPALACHIAN MARKETING AREA - 302 counties and 2 cities**

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**Georgia - 7 counties (All currently in F.O. 11)**

Counties of Catoosa, Chattooga, Dade, Fannin, Murray, Walker, Whitfield.

**Indiana - 20 counties (17 currently in F.O. 46; 3 currently unregulated)**

Counties of Clark, Crawford, Daviess, Dubois, Floyd, Gibson, *Greene*, Harrison, Knox, Martin, Orange, Perry, Pike, Posey, *Scott*, Spencer, *Sullivan*, Vanderburgh, Warrick, Washington.

**Kentucky - 86 counties (16 currently in F.O. 11; 47 currently in F.O. 46; 23 currently unregulated)**

Counties of Adair, Anderson, *Bath*, Bell, Bourbon, Boyle, Breathitt, Breckinridge, Bullitt, Butler, *Caldwell*, *Carroll*, *Carter*, Casey, *Christian*, Clark, Clay, Clinton, *Crittenden*, Cumberland, Daviess, Edmonson, *Elliott*, *Estill*, Fayette, *Fleming*, Franklin, *Gallatin*, Garrard, Grayson, Green, Hancock, Hardin, Harlan, Hart, Henderson, Henry, Hopkins, Jackson, Jefferson, Jessamine, Knott, Knox, Larue, Laurel, *Lee*, Leslie, Letcher, Lincoln, *Livingston*, Lyon, Madison, Marion, *McCracken*, McCreary, McLean, Meade, *Menifee*, Mercer, *Montgomery*, *Morgan*, Muhlenberg, Nelson, *Nicholas*, Ohio, Oldham, *Owen*, Owsley, Perry, Powell, Pulaski, Rockcastle, *Rowan*, Russell, Scott, Shelby, Spencer, Taylor, *Trimble*, Union, Washington, Wayne, Webster, Whitley, *Wolfe*, Woodford.

**North Carolina - 100 counties (All currently in F.O. 5)**

All counties.

**South Carolina - 46 counties (All currently in F.O. 5)**

All counties.

**Tennessee - 33 counties (All currently in F.O. 11)**

Counties of Anderson, Blount, Bradley, Campbell, Carter, Claiborne, Cocke, Cumberland, Grainger, Greene, Hamblen, Hamilton, Hancock, Hawkins, Jefferson, Johnson, Knox, Loudon, Marion, McMinn, Meigs, Monroe, Morgan, Polk, Rhea, Roane, Scott, Sequatchie, Sevier, Sullivan, Unicol, Union, Washington.

**Virginia - 8 counties and 2 cities (All currently in F.O. 11)**

Counties of Buchanan, Dickenson, Lee, Russell, Scott, Tazewell, Washington, Wise.  
Cities of Bristol, Norton.

**West Virginia - 2 counties (Both currently in F.O. 11)**

Counties of McDowell, Mercer.

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## **SUGGESTED FLORIDA MARKETING AREA MAPS**

This version of the report is text only. Click **SUGGESTED FLORIDA MARKETING AREA MAPS** to view/print this graphic.

## SUGGESTED FLORIDA MARKETING AREA

Consolidated Market: Florida

Current Markets: Upper Florida, F.O. 6  
Tampa Bay, F.O. 12  
Southeastern Florida, F.O. 13

TABLE 1. STATUS OF DISTRIBUTING PLANTS <sup>1, 2</sup> OCTOBER 1995										
Federal Order	Number of Fully Regulated Plants		Number of Partially Regulated Plants		Number of Exempt Plants		Number of Producer Handlers		Number of Government Agency Plants	
	Initial Report	Revised Report	Initial Report	Revised Report	Initial Report <sup>3</sup>	Revised Report <sup>4</sup>	Initial Report	Revised Report	Initial Report	Revised Report
<b>F.O. 6</b>	4	4	0	0	0	3B: 0	0	0	0	0
<b>F.O. 12</b>	7	5	0	0	0	3B: 2	0	0	0	0
<b>F.O. 13</b>	6	6	0	0	0	3B: 0	0	0	0	0
<b>FLORIDA<sup>5</sup></b>	<b>18<sup>5</sup></b>	<b>16<sup>5</sup></b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3B: 2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<sup>1</sup> Based on status of distributing plant under initial suggested consolidated order and initial pool distributing plant standard of 30 percent of receipts as Class I disposition and 15 percent of receipts as Class I disposition inside the initial suggested marketing area.

<sup>2</sup> Based on status of distributing plant under revised suggested consolidated order and Identical Provisions report pool distributing plant standard of 25 percent of receipts as Class I disposition and 15 percent of total route disposition inside the revised suggested marketing area.

<sup>3</sup> Exempt as defined under current Federal orders.

<sup>4</sup> 3B: Exempt with route disposition less than 150,000 lbs. per month (as suggested in Identical Provisions report).

<sup>5</sup> Includes one F.O. 7 plant which would be fully regulated in consolidated Florida market.

TABLE 2. MARKET INFORMATION BASED ON OCTOBER 1995 POOL DATA						
Federal Order	Total Producer Milk (1000 lbs.)		Class I Utilization Percentage		Weighted Average Utilization Value <sup>3</sup>	
	Initial Report <sup>1</sup>	Revised Report <sup>2</sup>	Initial Report	Revised Report	Initial Report	Revised Report
F.O. 6	53,506	53,506	85.11%	85.11%	\$14.67	\$14.67
F.O. 12	83,390	83,390 <sup>5</sup>	89.54%	89.54%	\$15.09	\$15.09
F.O. 13	63,501	63,501	91.28%	91.28%	\$15.42	\$15.42
<b>FLORIDA</b>	<b>200,397<sup>4</sup></b>	<b>204,541<sup>6</sup></b>	<b>88.33%</b>	<b>88.29%</b>	<b>\$15.05</b>	<b>\$15.05</b>

<sup>1</sup> Producer deliveries of milk to handlers regulated under Federal orders, October 1995 (Table 6, *Federal Milk Order Market Statistics for September and October 1995*, FMOS-410, Agricultural Marketing Service, USDA).

<sup>2</sup> Initial report producer deliveries, adjusted to include only those handlers who would be fully regulated (i.e. Status = 1) in the revised suggested marketing area.

<sup>3</sup> **Not a blend price** -- shown solely for the purpose of showing impact of consolidation on utilization.

<sup>4</sup> Excludes producer deliveries associated with a currently fully regulated Order 7 plant which would be fully regulated in the initially-suggested consolidated Florida market.

<sup>5</sup> Includes producer deliveries for two currently fully regulated plants whose status would change to 3B under revised consolidation.

<sup>6</sup> Adjusts for producer deliveries to three plants whose status would change under revised consolidation (see Footnotes 4 and 5).

## SUMMARY OF COMMENTS AND RESPONSES

The Florida marketing area, which combines Federal orders 6, 12, and 13, remains the same as was suggested in the initial Preliminary Report.

Comments received prior to and since the release of the initial Preliminary Report support consolidating Orders 6, 12, and 13. Cooperatives, including the two cooperatives which represent producers and supply milk to all handlers in this area, federations of cooperatives, and farm bureau organizations favor combining the three Federal orders located in Florida. Comments agree that Florida is a distinct market in terms of procurement and marketing. Also expressed are expectations of greater market stability resulting from recognition of extensive and regularly occurring overlap in both procurement and sales and leading to less potential regulatory shifting of plants.

Comments state that combining these markets would not change blend prices significantly -- the high Class I utilization common to all three markets provides a higher price necessary to attract adequate supplies of milk to an area which has unique climate and geography.

An alternative combination suggested would include south Georgia with these three Federal orders because of the contention that Georgia serves as Florida's primary milkshed. However, another comment stated that Florida's supplemental milk supply is not well delineated.

As noted in the Appalachian market discussion, Georgia does not appear to have a significantly greater association with any one of its surrounding Federal order markets. Revisiting this suggestion may be warranted if market conditions change in the future. Stability in both market conditions and the composition of the three Florida markets suggests that no need exists to update the October 1995 market information used in this report. The suggestion to consolidate the three Florida markets has been supported in comments by industry participants.

Using October 1995 information and under the standards used for this revised report, this suggested Florida market would be comprised of 16 fully regulated plants and two plants that would be exempt by virtue of having route disposition less than 150,000 pounds.

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### LIST OF PLANTS AND REGULATORY STATUS BASED ON OCTOBER 1995

PLANT NAME	CITY	ST	OCTOBER 1995		FLORIDA
			FEDERAL ORDER	STATUS <sup>1</sup>	STATUS <sup>1</sup>
*BORDEN, INC.	MIAMI	FL	Southeast Florida	1	1
*FARM STORES, INC.	MIAMI	FL	Southeast Florida	1	1
*GOLDEN FLEECE DAIRY	LECANTO	FL	Tampa Bay	1	3B
GUSTAFSON'S DAIRY, INC.	GREEN COVE	FL	Upper Florida	1	1
*LIFE STYLE/DIV TG LEE FOODS	ORANGE CITY	FL	Upper Florida	1	1
*LONGLIFE DAIRY PRODUCTS, INC.	JACKSONVILLE	FL	Southeast	1	1
*M & B DAIRY PRODUCTS, INC.	TAMPA	FL	Tampa Bay	1	3B
MCARTHUR DAIRY, INC.	PLANTATION	FL	Southeast Florida	1	1
*MORNINGSTAR FOODS, INC.	WINTER HAVEN	FL	Tampa Bay	1	1
*MORNINGSTAR FOODS, INC.	MIAMI	FL	Southeast Florida	1	1
PUBLIX SUPER MKTS., INC.	DEERFIELD BEACH	FL	Southeast Florida	1	1
*PUBLIX SUPER MKTS., INC.	LAKELAND	FL	Upper Florida	1	1
*SKINNERS DAIRY, INC.	JACKSONVILLE	FL	Upper Florida	1	1
SUPERBRAND DAIRY PRODUCTS, INC.	PLANT CITY	FL	Tampa Bay	1	1
SUPERBRAND DAIRY PRODUCTS, INC.	MIAMI	FL	Southeast Florida	1	1
T.G. LEE FOODS, INC.	ORLANDO	FL	Tampa Bay	1	1
*VELDA FARMS, L.P.	ST. PETERSBURG	FL	Tampa Bay	1	1
WIGGINS DAIRY PRODUCTS, INC.	PLANT CITY	FL	Tampa Bay	1	1

<sup>1</sup>DISTRIBUTING PLANT STATUS:

1: POOL

2: PARTIALLY REGULATED

3: EXEMPT

A: AS DEFINED UNDER CURRENT FEDERAL ORDERS

B: WITH ROUTE DISPOSITION LESS THAN 150,000 LBS. PER MONTH  
(AS SUGGESTED IN IDENTICAL PROVISIONS REPORT)

4: PRODUCER-HANDLER

5: UNREGULATED

6: GOVERNMENT AGENCY

\*Indicates plants with changes in status, federal order, name/ownership or are out of business. (See below)

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## IDENTIFIED RECENT MARKET DEVELOPMENTS

(As of February 1997 pool; information not included in analysis)

<u>Status Changes:</u>	<u>Effective:</u>
<i>Golden Fleece Dairy</i> Lecanto, FL	
From Pool (F.O. 12) to Producer-Handler	March 96
<i>Longlife Dairy Products, Inc.</i> (see Southeast)	
<i>M &amp; B Dairy Products, Inc.</i> Tampa, FL	
From Pool to Partially Regulated (F.O. 12)	Jan. 97
From Partially Regulated to Pool (F. O. 12)	Feb. 97
<u>Changes in Regulating Order:</u>	
<i>Longlife Dairy Products, Inc.</i> (see Southeast)	
<i>Publix Supermarkets, Inc.</i> Lakeland, FL	
To F.O. 12 from F.O. 6	Nov. 95
<u>Name/*Ownership Changes:</u>	
<i>Velda Farms, L.P. to Velda, Inc.</i> St. Petersburg, FL	Feb. 96
<i>*Borden, Inc. to Tri-State Dairy</i> Miami, FL	Nov. 95
<i>Life Style/Div TG Lee Foods to T.G. Lee Foods</i>	
Orange City, FL	Unk.
<i>Farm Stores, Inc. to REW JB Dairy Plant Associates</i>	
dba Farm Stores                      Miami, FL	Aug. 92
<i>Morningstar Foods, Inc. to Velda, Inc.</i>	
Winter Haven, FL	Unk.
<i>Morningstar Foods, Inc. To Velda, Inc.</i>	
Miami	Unk.
<u>Out of Business:</u>	
<i>Skinnners Dairy, Inc.</i> (F.O. 6)              Jacksonville, FL	Feb. 95

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## FLORIDA MARKETING AREA - 63 counties

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**Florida - 63 counties (40 currently in F.O. 6; 13 currently in F.O. 12; 10 currently in F.O. 13)**

Counties of Alachua, Baker, Bay, Bradford, Brevard, *Broward*, Calhoun, Charlotte, Citrus, Clay, Collier, Columbia, *Dade*, De Soto, Dixie, Duval, Flagler, Franklin, Gadsden, Gilchrist, *Glades*, Gulf, Hamilton, Hardee, *Hendry*, Hernando, Highlands, Hillsborough, Holmes, *Indian River*, Jackson, Jefferson, Lafayette, Lake, Lee, Leon, Levy, Liberty, Madison, Manatee, Marion, *Martin*, *Monroe*, Nassau, *Okeechobee*, Orange, Osceola, *Palm Beach*, Pasco, Pinellas, Polk, Putnam, St. Johns, *St. Lucie*, Sarasota, Seminole, Sumter, Suwannee, Taylor, Union, Volusia, Wakulla, Washington.

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## **SUGGESTED SOUTHEAST MARKETING AREA MAPS**

This version of the report is text only. Click **SUGGESTED SOUTHEAST MARKETING AREA MAPS** to view/print this graphic.

## SUGGESTED SOUTHEAST MARKETING AREA

Consolidated Market: Southeast

Current Markets: Southeast, F.O. 7

Plus: 1 county from Louisville-Lexington-Evansville, F.O. 46  
15 unregulated counties in Kentucky

TABLE 1. STATUS OF DISTRIBUTING PLANTS <sup>1, 2</sup> OCTOBER 1995										
Federal Order	Number of Fully Regulated Plants		Number of Partially Regulated Plants		Number of Exempt Plants		Number of Producer Handlers		Number of Government Agency Plants	
	Initial Report	Revised Report	Initial Report	Revised Report	Initial Report <sup>3</sup>	Revised Report <sup>4</sup>	Initial Report	Revised Report	Initial Report	Revised Report
<b>F.O. 7</b>	38 <sup>5</sup>	40	2	0	1	3B: 1	1	1	7	7
<b>SOUTHEAST</b>	<b>38</b>	<b>40</b>	<b>3<sup>6</sup></b>	<b>1<sup>6</sup></b>	<b>1</b>	<b>3B: 1</b>	<b>1</b>	<b>1</b>	<b>7</b>	<b>7</b>

<sup>1</sup> Based on status of distributing plant under initial suggested consolidated order and initial pool distributing plant standard of 30 percent of receipts as Class I disposition and 15 percent of receipts as Class I disposition inside the initial suggested marketing area.

<sup>2</sup> Based on status of distributing plant under revised suggested consolidated order and Identical Provisions report pool distributing plant standard of 25 percent of receipts as Class I disposition and 15 percent of total route disposition inside the revised suggested marketing area.

<sup>3</sup> Exempt as defined under current Federal orders.

<sup>4</sup> 3B: Exempt with route disposition less than 150,000 lbs. per month (as suggested in Identical Provisions report).

<sup>5</sup> Includes one fully regulated plant, New Atlanta Dairies, Inc., that was inadvertently left off plant list in initial Preliminary Report.

<sup>6</sup> Includes one F.O. 12 plant which would be partially regulated in the initially-suggested Southeast market.

TABLE 2. MARKET INFORMATION BASED ON OCTOBER 1995 POOL DATA						
Federal Order	Total Producer Milk (1000 lbs.)		Class I Utilization Percentage		Weighted Average Utilization Value <sup>3</sup>	
	Initial Report <sup>1</sup>	Revised Report <sup>2</sup>	Initial Report	Revised Report	Initial Report	Revised Report
F.O. 7	443,921	443,921	84.34%	84.34%	\$14.26	\$14.26
<b>SOUTHEAST</b>	<b>443,921<sup>4</sup></b>	<b>442,705<sup>5</sup></b>	<b>84.34%</b>	<b>84.33%</b>	<b>\$14.26</b>	<b>\$14.25</b>

<sup>1</sup> Producer deliveries of milk to handlers regulated under Federal orders, October 1995 (Table 6, *Federal Milk Order Market Statistics for September and October 1995*, FMOS-410, Agricultural Marketing Service, USDA).

<sup>2</sup> Initial report producer deliveries, adjusted to include only those handlers who would be fully regulated (i.e. Status = 1) in the revised suggested marketing area.

<sup>3</sup> **Not a blend price** -- shown solely for the purpose of showing impact of consolidation on utilization.

<sup>4</sup> Includes producer deliveries for one current F.O. 7 plant which would be regulated in initial consolidated Florida market.

<sup>5</sup> Adjusts producer deliveries for one F.O. 7 plant which would be fully regulated under revised consolidated Florida market and two currently partially regulated plants which would be fully regulated under revised consolidated Southeast market.

## SUMMARY OF COMMENTS AND RESPONSES

The Southeast marketing area suggested in the initial Preliminary Report has been slightly revised to exclude two currently unregulated northeast Texas counties. The suggested revised Southeast market would include Federal order 7, one county currently in Order 46, and 15 currently unregulated counties in Kentucky.

Comments received prior to and since the release of the initial Preliminary Report support several different options involving Federal order marketing areas in the Southeast. Views have been expressed by handlers, cooperatives, federations, farm bureaus, other associations, producers, congressmen, state departments of agriculture, and university staff.

About five variations of the Southeast were suggested. First, support was expressed to maintain the current Order 7, because the consolidation which formed this market in 1995 was based on economic and market conditions that recognized common supply and sales area, and these conditions have not changed. Another comment opposed combining Order 7 with Orders 5, 11, and 46 because of potential difficulty with intra-order movements; without consolidation, the comment contended, a better utilization balance would be achieved in the Southeast region.

A suggestion was made which would create sub-pools within the marketing area to address local market conditions. It may be appropriate for regional committees to address this suggestion as the reform process continues.

Second, the combination of Orders 5, 11, 6, 12, and 13 with 7 was suggested. Reasons to consolidate these orders include overlap of distribution area and Class I sales competition, and similar Class I and blend prices. It was asserted that potential disorderly marketing conditions

could result from large distribution areas of handlers which have processing, packaging, and distributing plants, some in multiple locations, throughout the area. For example, a plant currently locked in to regulation under Order 5 potentially would be pooled under different orders without consolidating these orders. Disorderly marketing conditions also could exist, it was asserted, when milk supplies are short and producer shifting occurs between orders. Finally, comments asserted that Florida should be included with these markets because the state's reserve supply areas include Georgia, Louisiana, and Mississippi.

Handlers in Orders 5 and 11 have 14 percent of their route disposition into Order 7. As noted in discussion of the suggested Appalachian market, over half of this disposition comes from two handlers which still have most of their route disposition in the Appalachian marketing area. Order 7 handlers have 4 million pounds of route disposition into the marketing area covered by Orders 5 and 11, which is one percent of Order 7 handlers' total route disposition. Handlers in the three Florida markets have route disposition totaling 4.7 million pounds into Order 7, or 2.2 percent of Florida handler's total route disposition. Conversely, Order 7 has 17.7 million pounds of route disposition into the three Florida markets, 4.8 percent of Order 7's total route disposition.

About 10 percent, or 37 million pounds, of Orders 5 and 11 producer milk came from the Order 7 marketing area in January 1997. Order 7 handlers received less than one percent or 3 million pounds of their producer milk from the Orders 5 and 11 marketing areas. Handlers in the three Florida markets procure 16 percent of their producer milk from the Order 7 marketing area, mostly from Georgia, while Order 7 pooled only one million pounds from Florida counties outside of the Order 7 marketing area.

While association is present among these orders, it is not widespread. Based on the data for January 1997 and October 1995, consolidating Orders 5, 6, 11, 12, 13 with Order 7 is not warranted at this time.

A third suggestion would combine Orders 5, 7, 11, 46, the Arkansas and Missouri counties in the Southwest Plains market (Order 106), and all of Virginia not currently in Order 4. Reasons given to combine these areas include procurement and Class I sales overlap, current disorderly marketing conditions (especially with the Arkansas and Missouri counties now in Order 106), a fully regulated Order 5 plant located outside any marketing area in Virginia, and blend price disparities between the markets. Comments that would include Kentucky, or Order 46, with Order 7 contend that in comparison to markets north of Order 46, greater association exists with markets to the south and east in procurement and sales, and greater similarity in production and utilization. It is asserted that market conditions would stabilize or improve for Kentucky producers, handlers and consumers if combined with markets to the south.

Arkansas and Missouri handlers currently regulated in Order 106 have a large amount of route disposition into the portions of the Order 106 area not included in these two states. Order 7 handlers have small amounts of route disposition into the Arkansas and Missouri counties in

Order 106. Less than two million pounds of milk from Arkansas counties located in Order 106 were pooled under Order 7, while 93 million pounds of milk from these counties were pooled in either Order 32 or 106. While Order 106 counties in Missouri supplied 54 million pounds or 12 percent of Order 7's producer milk in January 1997, 111 million pounds of milk produced in the Order 106 Missouri counties were pooled under orders included in the revised suggested Central area. Without more significant overlap in both route disposition and procurement concerning the counties in question and Order 7, this suggestion is not favored at this time.

Discussion in the suggested Appalachian marketing area revealed that limited association appears to exist between Orders 5 and 11 with Order 7. The level of association decreases with the addition of Order 46 to the Appalachian market. In October 1995, less than one million pounds of route disposition into Order 46 were attributed to Order 7 handlers while Order 46 handlers had slightly over one million pounds of route disposition into the currently unregulated area of Kentucky suggested to be added to the Southeast market. The consolidation of these orders with the Southeast does not appear to be appropriate at this time.

Two suggestions were made which would divide the Southeast area into two marketing areas. First, the states of Arkansas, Louisiana, Mississippi, western Tennessee, and southeastern Missouri were suggested as a "Mid-South" market which would serve as an "intermediate" market between deficit markets in the southeast and surplus markets in the southwest. Georgia, Alabama, North and South Carolina, and the southern portion of Order 11 would adjoin this Mid-South area as the Southeast market. This comment suggested that different conditions exist in these two areas and higher blend prices are necessary to attract milk supplies to this suggested Southeast. Alternatively, Georgia and Alabama could become a separate marketing area.

The second comment suggesting division of the current Southeast suggested a "South Central" market comprised of Mississippi, Louisiana, and Arkansas with Texas and New Mexico, and a "Southeast" market comprised of Georgia, Alabama, South and North Carolina, and central and southeast Tennessee. This comment suggested that Order 11 currently has two distinct areas for sales competition and procurement.

Information for January 1997 indicates that significant overlap of both route disposition and procurement among Order 7 handlers exists. These overlaps, primary reasons for creation of the Southeast market through merging of five Federal order marketing areas in 1995, apparently have not changed.

Using October 1995 information and under the standards used for this revised report, this suggested Southeast market would be comprised of 40 fully regulated plants. Two handlers that would have been partially regulated under the initially-suggested Southeast order would become fully regulated under this revised preliminary report. The initial preliminary report showed 37 fully regulated plants, but had inadvertently omitted New Atlanta Dairies from the

list of plants. None of the other handler numbers have changed from the initial preliminary report.

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**LIST OF PLANTS AND REGULATORY STATUS  
BASED ON OCTOBER 1995**

PLANT NAME	CITY	ST	OCTOBER 1995		SOUTHEAST
			FEDERAL ORDER	STATUS <sup>1</sup>	STATUS <sup>1</sup>
ALCORN STATE UNIVERSITY	LORMAN	MS	Southeast	6	6
ARKANSAS DEPT. OF CORREC.	GRADY	AR	Southeast	6	6
AVENT'S DAIRY NC	OXFORD	MS	Southeast	1	1
*BAKER & SONS DAIRY, INC.	BIRMINGHAM	AL	Southeast	1	1
BARBER PURE MILK CO.	BIRMINGHAM	AL	Southeast	1	1
BARBER PURE MILK CO.	MOBILE	AL	Southeast	1	1
*BARBER PURE MILK CO.	TUPELO	MS	Southeast	1	1
*BARBE'S DAIRY, INC.	WESTWEGO	LA	Southeast	1	1
*BORDEN DAIRY	LITTLE ROCK	AR	Southeast	1	1
BORDEN, INC.	MONROE	LA	Southeast	1	1
BORDEN, INC.	BATON ROUGE	LA	Southeast	1	1
*BORDEN, INC.	MACON	GA	Southeast	1	1
BORDEN, INC.	LAFAYETTE	LA	Southeast	1	1
*BORDEN, INC.	JACKSON	MS	Southeast	1	1
*BROOKSHIRE DAIRY PRODUCTS	COLUMBUS	MS	Southeast	1	1
*BROWN'S VELVET DY. PRODUCTS	NEW ORLEANS	LA	Southeast	1	1
COLEMAN DAIRY, INC	LITTLE ROCK	AR	Southeast	1	1
DAIRY FRESH CORP.	COWARTS	AL	Southeast	1	1
DAIRY FRESH CORP.	HATTIESBURG	MS	Southeast	1	1
DAIRY FRESH CORP.	PRICHARD	AL	Southeast	1	1
DAIRY FRESH OF LA.	BAKER	LA	Southeast	1	1
DASI PRODUCTS, INC.	DECATUR	AL	Southeast	2	1
ETOWAH MAID DAIRIES, INC.	CANTON	GA	Southeast	4	4
FLAV-O-RICH, INC.	CANTON	MS	Southeast	1	1
FOREMOST DAIRY, INC.	SHREVEPORT	LA	Southeast	1	1
FOREST HILL DAIRY	MEMPHIS	TN	Southeast	1	1
GEORGIA STATE PRISON	REIDSVILLE	GA	Southeast	6	6
GOLD STAR DAIRY	LITTLE ROCK	AR	Southeast	1	1
HERITAGE FARMS DAIRY	MURFREESBORO	TN	Southeast	1	1
HERSHEY CHOCOLATE U.S.A.	SAVANNAH	GA	Tampa Bay	2	2
HUMPHREY DAIRY	HOT SPRINGS	AR	Southeast	3A	3B
KINNETT DAIRIES, INC.	COLUMBUS	GA	Southeast	1	1
KLEINPETER DAIRY, INC.	BATON ROUGE	LA	Southeast	1	1
LOUISIANA STATE PEN.	ANGOLA	LA	Southeast	6	6

PLANT NAME	CITY	ST	OCTOBER 1995		SOUTHEAST
			FEDERAL ORDER	STATUS <sup>1</sup>	STATUS <sup>1</sup>
LOUISIANA TECH.	RUSTON	LA	Southeast	6	6
LUVEL DAIRY PRODUCTS, INC.	KOSCIUSKO	MS	Southeast	1	1
*MALONE & HYDE DAIRY/ FLEMING COMPANIES, INC.	NASHVILLE	TN	Southeast	1	1
*MEADOW GOLD DAIRIES, INC.	HUNTSVILLE	AL	Southeast	1	1
MISSISSIPPI STATE UNIVERSITY	MISS. STATE	MS	Southeast	6	6
NEW ATLANTA DAIRIES, INC.	ATLANTA	GA	Southeast	1	1
PEELER JERSEY FARMS, INC.	ATHENS	GA	Southeast	1	1
PUBLIX SUPERMARKETS, INC.	LAWRENCEVILLE	GA	Southeast	1	1
PURITY DAIRIES, INC.	NASHVILLE	TN	Southeast	1	1
*RYAN MILK COMPANY	MURRAY	KY	Southeast	2	1
SOUTHERN UNIVERSITY	BATON ROUGE	LA	Southeast	6	6
SUPERBRAND DY. PRODUCTS, INC.	MONTGOMERY	AL	Southeast	1	1
*SUPERBRAND DY. PRODUCTS, INC.	GREENVILLE	SC	Southeast	1	1
SUPERBRAND DY. PRODUCTS, INC.	HAMMOND	LA	Southeast	1	1
TURNER DAIRIES, INC.	COVINGTON	TN	Southeast	1	1
TURNER DAIRIES, INC.	FULTON	KY	Southeast	1	1

<sup>1</sup>DISTRIBUTING PLANT STATUS:

- 1: POOL
- 2: PARTIALLY REGULATED
- 3: EXEMPT
  - A: AS DEFINED UNDER CURRENT FEDERAL ORDERS
  - B: WITH ROUTE DISPOSITION LESS THAN 150,000 LBS. PER MONTH  
(AS SUGGESTED IN IDENTICAL PROVISIONS REPORT)
- 4: PRODUCER-HANDLER
- 5: UNREGULATED
- 6: GOVERNMENT AGENCY

\*Indicates plants with changes in status, federal order, name/ownership or are out of business. (See below)

## IDENTIFIED RECENT MARKET DEVELOPMENTS

(as of February 1997 pool; information not included in analysis)

### Status Changes:

*Centennial Farms Dairy, Inc.* Atlanta, GA  
 New - Fully Regulated Handler  
*Longlife Dairy Products, Inc.* Jacksonville, FL  
 Partially regulated Jan. and Feb. 1996  
 Became Pool plant under F.O. 5  
 Became Pool plant under F.O. 7  
 Became partially regulated under F.O. 7 Oct.  
 and Nov. 96  
 Became Pool plant under F.O. 5  
 Became partially regulated under F.O. 7  
*Ryan Milk Company* Murray, KY  
 Regulated by F.O. 30 in August 1996, Partially regulated  
 again under F.O. 7

### Effective:

Oct. 96  
  
  
  
Mar. 96  
Sept. 96  
  
  
Dec. 96  
Jan. 97  
  
Sept. 96

Became Fully regulated under F.O. 30 from Partially Regulated		Oct. 96
<i>Taff Dairy</i>	Phil Campbell, AL	
New Producer-handler		Aug. 96
<u>Changes in Regulating Order:</u>		
<i>Longlife Dairy Products, Inc.</i>		
To F.O. 7 from F.O. 5		Sept. 96
To F.O. 5 from F.O. 7		Dec. 96
To F.O. 7 from F.O. 5		Jan. 97
<i>Superbrand Dairy, Inc.</i>	Greenville, SC	Feb. 96
From F.O. 7 to F.O. 5 because of Order 5 lock-in provision.		
<u>Name/*Ownership Changes:</u>		
<i>Barbe's Dairy, Inc.</i>	Westwego, LA	
Purchased by Southern Foods Group (Stock Swap)		Oct. 96
<i>Browns's Velvet Dairy Products, Inc. to Southern Foods Group, LP dba Brown's Velvet</i>	New Orleans, LA	Sept. 93
<i>Malone &amp; Hyde Dairy/Fleming Companies, Inc. to Fleming Companies, Inc.</i>	Nashville, TN	Unk.
<i>Meadow Gold Dairies, Inc. to Tri-State Dairy</i>	Huntsville, AL	Nov. 95
<u>Out of Business:</u>		
<i>Baker &amp; Sons Dairy, Inc.</i>	Birmingham, AL	
Purchased by Barber Pure Milk Co.		July. 96
Closed		Sept. 96
<i>Barber Pure Milk Co.</i>	Tupelo, MS	Jun. 96
<i>*Borden, Inc. to Tri-State Dairy</i>	Macon, GA	
Purchased by Tri-State Dairy		Nov. 95
Closed		Feb. 97
<i>Borden, Inc.</i>	Little Rock, AR	Jun. 96
<i>Borden, Inc.</i>	Jackson, MS	Dec. 95
<i>Brookshire Dairy Products</i>	Columbus, MS	Nov. 95
<i>Taff Dairy</i>	Phil Campbell, AL	Jan. 97

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## **SOUTHEAST MARKETING AREA - 511 counties**

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### **Alabama - 67 counties (All currently in F.O. 7)**

All counties.

### **Arkansas - 64 counties (All currently in F.O. 7)**

Counties of Arkansas, Ashley, Baxter, Bradley, Calhoun, Chicot, Clark, Clay, Cleburne, Cleveland, Columbia, Conway, Craighead, Crittenden, Cross, Dallas, Desha, Drew, Faulkner, Fulton, Garland, Grant, Greene, Hempstead, Hot Spring, Howard, Independence, Izaard, Jackson, Jefferson, Johnson, Lafayette, Lawrence, Lee, Lincoln, Little River, Lonoke, Miller, Mississippi, Monroe, Montgomery, Nevada, Newton, Ouachita, Perry, Phillips, Pike, Poinsett, Polk, Pope, Prairie, Pulaski, Randolph, St. Francis, Saline, Searcy, Sevier, Sharp, Stone, Union, Van Buren, White, Woodruff, Yell.

**Florida - 4 counties (All currently in F.O. 7)**

Counties of Escambia, Okaloosa, Santa Rosa, Walton.

**Georgia - 152 counties (All currently in F.O. 7)**

[All counties, with the exception of Catoosa, Chattooga, Dade, Fannin, Murray, Walker, Whitfield.]

Counties of Appling, Atkinson, Bacon, Baker, Baldwin, Banks, Barrow, Bartow, Ben Hill, Berrien, Bibb, Bleckley, Brantley, Brooks, Bryan, Bulloch, Burke, Butts, Calhoun, Camden, Candler, Carroll, Charlton, Chatham, Chattahoochee, Cherokee, Clarke, Clay, Clayton, Clinch, Cobb, Coffee, Colquitt, Columbia, Cook, Coweta, Crawford, Crisp, Dawson, De Kalb, Decatur, Dodge, Dooly, Dougherty, Douglas, Early, Echols, Effingham, Elbert, Emanuel, Evans, Fayette, Floyd, Forsyth, Franklin, Fulton, Gilmer, Glascock, Glynn, Gordon, Grady, Greene, Gwinnett, Habersham, Hall, Hancock, Haralson, Harris, Hart, Heard, Henry, Houston, Irwin, Jackson, Jasper, Jeff Davis, Jefferson, Jenkins, Johnson, Jones, Lamar, Lanier, Laurens, Lee, Liberty, Lincoln, Long, Lowndes, Lumpkin, Macon, Madison, Marion, McDuffie, McIntosh, Meriwether, Miller, Mitchell, Monroe, Montgomery, Morgan, Muscogee, Newton, Oconee, Oglethorpe, Paulding, Peach, Pickens, Pierce, Pike, Polk, Pulaski, Putnam, Quitman, Rabun, Randolph, Richmond, Rockdale, Schley, Screven, Seminole, Spalding, Stephens, Stewart, Sumter, Talbot, Taliaferro, Tattnall, Taylor, Telfair, Terrell, Thomas, Tift, Toombs, Towns, Treutlen, Troup, Turner, Twiggs, Union, Upson, Walton, Ware, Warren, Washington, Wayne, Webster, Wheeler, White, Wilcox, Wilkes, Wilkinson, Worth.

**Kentucky - 16 counties (1 currently in F.O. 46; 15 currently unregulated)**

Counties of *Allen, Ballard, Barren, Calloway, Carlisle, Fulton, Graves, Hickman, Logan, Marshall, Metcalfe, Monroe, Simpson, Todd, Trigg, Warren.*

**Louisiana - 64 parishes (All currently in F.O. 7)**

All parishes.

**Mississippi - 82 counties (All currently in F. O. 7)**

All counties.

**Tennessee - 62 counties (All currently in F.O. 7)**

Counties of Bedford, Benton, Bledsoe, Cannon, Carroll, Cheatham, Chester, Clay, Coffee, Crockett, Davidson, DeKalb, Decatur, Dickson, Dyer, Fayette, Fentress, Franklin, Gibson, Giles, Grundy, Hardeman, Hardin, Haywood, Henderson, Henry, Hickman, Houston, Humphreys, Jackson, Lake, Lauderdale, Lawrence, Lewis, Lincoln, Macon, Madison, Marshall, Maury, McNairy, Montgomery, Moore, Obion, Overton, Perry, Pickett, Putnam, Robertson, Rutherford, Shelby, Smith, Stewart, Sumner, Tipton, Trousdale, Van Buren, Warren, Wayne, Weakley, White, Williamson, Wilson.

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## **SUGGESTED MIDEAST MARKETING AREA MAPS**

This version of the report is text only. Click **SUGGESTED MIDEAST MARKETING AREA MAPS** to view/print this graphic.

## SUGGESTED MIDEAST MARKETING AREA

Consolidated Market: Mideast

Current Markets: Ohio Valley, F.O. 33  
 Eastern Ohio-Western Pennsylvania, F.O. 36  
 Southern Michigan, F.O. 40  
 Indiana, F.O. 49  
 Plus: Michigan Upper Peninsula (Zone 2), F.O. 44  
 6 unregulated counties in Indiana  
 2 unregulated counties in Michigan  
 2 unregulated counties in New York  
 6 unregulated counties in Ohio  
 12 unregulated counties in Pennsylvania

TABLE 1. STATUS OF DISTRIBUTING PLANTS <sup>1, 2</sup> OCTOBER 1995										
Federal Order	Number of Fully Regulated Plants		Number of Partially Regulated Plants		Number of Exempt Plants		Number of Producer Handlers		Number of Government Agency Plants	
	Initial Report	Revised Report	Initial Report	Revised Report	Initial Report <sup>3</sup>	Revised Report <sup>4</sup>	Initial Report	Revised Report	Initial Report	Revised Report
F.O. 33	16	16	0	0	0	3B: 0	2	3	0	0
F.O. 36	19	19	2	0	0	3B: 2	12	12	0	0
F.O. 40	15	16	2	1	0	3B: 0	4	4	0	0
F.O. 49	10	10	0	0	0	3B: 0	0	0	0	0
F.O. 44	2	2	0	0	0	3B: 0	1	1	0	0
<b>MIDEAST<sup>5</sup></b>	<b>68<sup>6</sup></b>	<b>68</b>	<b>4</b>	<b>1</b>	<b>0</b>	<b>3B: 8</b>	<b>19</b>	<b>20</b>	<b>0</b>	<b>0</b>

<sup>1</sup> Based on status of distributing plant under initial suggested consolidated order and initial pool distributing plant standard of 30 percent of receipts as Class I disposition and 15 percent of receipts as Class I disposition inside the initial suggested marketing area.

<sup>2</sup> Based on status of distributing plant under revised suggested consolidated order and Identical Provisions report pool distributing plant standard of 25 percent of receipts as Class I disposition and 15 percent of total route disposition inside the revised suggested marketing area.

<sup>3</sup> Exempt as defined under current Federal orders.

<sup>4</sup> 3B: Exempt with route disposition less than 150,000 lbs. per month (as suggested in Identical Provisions report).

<sup>5</sup> Revised report: includes currently non-Federally regulated plants which would be fully or partially regulated or exempt (3B) distributing plants in the revised suggested marketing area.

<sup>6</sup> Includes 5 F.O. 46 and 1 F.O. 32 plants which were included in the initially-suggested Mideast market. In this revised report, the F.O. 46 plants are included in the suggested Appalachian market and the F.O. 32 plant is included in the suggested Central market.

TABLE 2. MARKET INFORMATION BASED ON OCTOBER 1995 POOL DATA						
Federal Order	Total Producer Milk (1000 lbs.)		Class I Utilization Percentage		Weighted Average Utilization Value <sup>3</sup>	
	Initial Report <sup>1</sup>	Revised Report <sup>2</sup>	Initial Report	Revised Report	Initial Report	Revised Report
F.O. 33	237,176	249,731	58.36%	60.01%	\$12.99	\$13.01
F.O. 36	271,718	319,423 <sup>5</sup>	57.05%	60.60%	\$13.07	\$13.10
F.O. 40	376,601	376,601	48.45%	48.45%	\$12.75	\$12.75
F.O. 49	157,611	157,611	65.81%	65.81%	\$12.97	\$12.97
F.O. 44	Restricted	With F.O. 36	79.02%	79.02%	\$12.81	\$12.81
MIDEAST	<b>1,140,952<sup>4</sup></b>	<b>1,103,366</b>	<b>57.81%</b>	<b>57.15%</b>	<b>\$12.96</b>	<b>\$12.94</b>

<sup>1</sup> Producer deliveries of milk to handlers regulated under Federal orders, October 1995 (Table 6, *Federal Milk Order Market Statistics for September and October 1995*, FMOS-410, Agricultural Marketing Service, USDA).

<sup>2</sup> Initial report producer deliveries, adjusted to include only those handlers who would be fully regulated (i.e. Status = 1) in the revised suggested marketing area. Producer deliveries for currently non-Federally regulated plants which would be fully regulated in the revised suggested consolidated order are allocated to the Federal order closest in proximity to the plant location.

<sup>3</sup> **Not a blend price** -- shown solely for the purpose of showing impact of consolidation on utilization.

<sup>4</sup> Producer milk for all fully regulated F.O. 44 plants is included. Producer milk for a F.O. 32 handler who would be pooled under the initially-suggested Mideast market is included in the initially-suggested Central market.

<sup>5</sup> Includes producer milk for F.O. 44 plants that would be fully regulated in revised Mideast market, plus adjustments for 5 other plants.

## SUMMARY OF COMMENTS AND RESPONSES

The Mideast marketing area suggested in the initial Preliminary Report has been revised. The Louisville-Lexington-Evansville marketing area and unregulated counties in Indiana and Kentucky now are included in the revised suggested Appalachian marketing area. Twelve counties in the Southern Illinois-Eastern Missouri marketing area now are included in the revised suggested Central marketing area. The revised Mideast is suggested to include the following Federal orders: Ohio Valley, Eastern Ohio-Western Pennsylvania, Southern Michigan, Indiana, part of Michigan Upper Peninsula, as well as 28 unregulated counties in five states. Included among these unregulated counties are additions to the initially-suggested Mideast market: two counties located in the Southern Tier (southwest) of New York and 15 counties in central Pennsylvania (Area 6 of the Pennsylvania Milk Marketing Board).

Comments regarding the Mideast region were received from cooperatives, proprietary handlers, and individual producers.

Prior to the initial Preliminary Report, numerous combinations were suggested. First, consolidation of Orders 33, 36, 40, 49, Zone 2 of 44, and unregulated counties in northeast Ohio and southern Michigan was suggested. The overlap in procurement and distribution, better sharing of the cost of regional reserve supplies, and greater market stability for

producers and handlers were given as reasons to combine these areas. Additionally, including Zone 2 of Order 44 would better assure a supply for that area, it was asserted.

Another comment would add Order 46 to this group. Other comments would combine Orders 33, 36, and 40, Orders 46, 49, and the former Paducah, Kentucky marketing area (Order 99, terminated November 1, 1995), Orders 40 and part of 33 and 49 (not clearly defined in the comment), part of Order 49 with parts of Orders 33 and 36, Order 40 with part of Order 49 and part of Ohio. Another comment would leave Order 40 as a stand-alone market because of its relative geographic isolation. This comment would combine Orders 33 and 36 because of overlap in producer milk and Class I competition.

Since the Report's release, several comments regarding the Mideast have been received, and each comment offers changes to the preliminary suggestion. Most comments contend that some form of disorderly market conditions would result under the suggested marketing area, particularly in the southern part of this area (i.e., Order 46, Louisville-Lexington-Evansville). Several comments contend that the potential lower blend would cause competitive disadvantages, especially in procuring milk supplies, between handlers in the Mideast area in comparison to Southeast area handlers. One comment suggests moving the boundary between the Mideast and the Southeast northward one or two tiers of counties. Other comments note that the method of pricing differs between the suggested combination of orders - multiple component pricing is used in Ohio, Michigan, and most of Indiana where cheese manufacturing is predominant. However, fluid bottling is more typical of plant utilization in Order 46, and milk currently is priced on a butterfat-skim basis. One comment contends that implementation of multiple-component pricing in the Louisville-Lexington-Evansville area would jeopardize handlers.

Changes in marketing conditions since October 1995 support the shifting of some areas that were included in the initially suggested Mideast market. As was mentioned in the suggested Appalachian marketing area discussion, shifting of supplying handlers for a large account has resulted in market associations being changed. Because of this, Order 46 has been included in the revised suggested Appalachian marketing area along with the unregulated Kentucky counties not included in the revised suggested Southeast market and the unregulated Indiana counties bordering the Order 46 marketing area.

One comment contends that regulation inhibits the productivity and ability of small businesses to compete; combining Orders 33 and 36 was discouraged for this reason. Based on strength of association between Orders 33 and 36, it would be very difficult to preserve these marketing areas as they currently exist. Comments related to impacts on small businesses have been and will continue to be requested as part of the reform process.

Several comments disagree with the inclusion of the twelve Illinois counties (currently in Order 32) in the Mideast marketing area. Market conditions have changed to an extent, the comments state, that these counties should be included in the suggested Central marketing area with the rest of Order 32.

This revised report moves the 12 Illinois counties currently associated with Order 32 into the revised suggested Central marketing area from the initially-suggested Mideast marketing area. Consolidating Order 46 with 5 and 11 changed the relationship among these markets to the extent that these Illinois counties have greater association with the rest of Order 32 than they did previously.

One comment that would add two currently unregulated counties in New York contends that most milk from these counties is pooled on Order 36, and handler competition exists.

The addition of two Southern Tier counties in western New York, Chautauqua and Cattaraugus, to the Mideast marketing area is suggested based on producer milk movement into Order 36 and handler competition between plants in these counties and in Order 36. With this expansion, two currently unregulated handlers located in the Southern Tier would become regulated in the revised suggested Mideast market, one fully regulated and one partially regulated. These currently unregulated handlers compete for producer milk supplies and sales with handlers already fully regulated in Order 36.

Numerous comments would regulate all non-Federally regulated counties in Pennsylvania. Most of these comments suggest including these new areas in the Northeast marketing area.

The inclusion of the two New York counties also would result in the full regulation in the Mideast market of a currently partially-regulated plant located in non-Federally regulated central Pennsylvania (PMMB Area 6). This plant is located in the same city as another partially-regulated plant and the two plants compete for sales in areas throughout Pennsylvania. As was discussed in the suggested Northeast marketing area, and using the same rationale as was used in Vermont and New York, competitive inequities would result if two plants were subject to different levels of regulation. By expanding the suggested Mideast marketing area to include PMMB 6, disorderly marketing conditions among competing handlers would be avoided.

The western portions of the non-Federally regulated area in Pennsylvania would be included in this revised Mideast market. This area has greater association with the Mideast market in terms of both milk procurement and route disposition than with the eastern portion of Pennsylvania. The eastern portion of the non-Federally regulated area would be included in the revised Northeast market as discussed in the Northeast market section.

Using October 1995 information and under the standards used for this revised report, addition of previously unregulated areas to the Mideast changes the regulatory status of eight handlers. Three distributing plants that were partially regulated in the Mideast in the initial consolidation report, 2 that were partially regulated in the Northeast, and 3 that were unregulated would become fully regulated. There would be 68 pool plants in total, 1 partially regulated plant, and 20 producer-handlers. The less-than-150,000-pound exemption would affect 2 F.O. 36 pool plants and 6 distributing plants in the added non-Federally regulated Pennsylvania area.

**LIST OF PLANTS AND REGULATORY STATUS  
BASED ON OCTOBER 1995**

PLANT NAME	CITY	ST	OCTOBER 1995		MIDEAST
			FEDERAL ORDER	STATUS <sup>1</sup>	STATUS <sup>1</sup>
ALBERT MIHALY AND SON DAIRY	LOWELLVILLE	OH	E Ohio - W Penn	4	4
ALDRICH DAIRY	FREDONIA	NY		5	3B
ARPS DAIRY, INC.	DEFIANCE	OH	Ohio Valley	1	1
BAREMAN DAIRY, INC.	HOLLAND	MI	Southern Michigan	1	1
BARKER'S FARM DAIRY, INC.	PECKS MILL	WV	Ohio Valley	4	4
*BORDEN, INC.	YOUNGSTOWN	OH	E Ohio - W Penn	1	1
BROUGHTON FOODS CO.	MARIETTA	OH	Ohio Valley	1	1
BRUNTON DAIRY	ALQUIPPA	PA	E Ohio - W Penn	4	4
BURGER DAIRY CO.	NEW PARIS	IN	Indiana	1	1
BURGER, C.F., CREAMERY, INC.	DETROIT	MI	Southern Michigan	2	2
CALDER BROTHERS DAIRY	LINCOLN PARK	MI	Southern Michigan	1	1
COLTERYAHN DAIRY, INC.	PITTSBURGH	PA	E Ohio - W Penn	1	1
CON-SUN FOOD INDUSTRIES, INC.	ELYRIA	OH	E Ohio - W Penn	1	1
COOK'S FARM DAIRY, INC.	ORTONVILLE	MI	Southern Michigan	4	4
COUNTRY DAIRY	NEW ERA	MI	Southern Michigan	4	4
COUNTY FRESH, INC.	GRAND RAPIDS	MI	Southern Michigan	1	1
CROOKED CREEK FARM DAIRY	ROMEO	MI	Southern Michigan	4	4
DEAN DAIRY PRODUCTS CO.	SHARPSVILLE	PA	E Ohio - W Penn	1	1
DEAN FOODS COMPANY	ROCHESTER	IN	Indiana	1	1
DIXIE DAIRY CO.	GARY	IN	Indiana	1	1
EASTSIDE JERSEY DAIRY, INC.	ANDERSON	IN	Indiana	1	1
ELMVIEW DAIRY	COLUMBUS	PA	E Ohio - W Penn	4	4
EMBEST, INC.	LIVONIA	MI	Southern Michigan	1	1
FIKE, R BRUCE & SONS DAIRY	UNIONTOWN	PA	E Ohio - W Penn	1	1
FISHER'S DAIRY, R.V. FISHER	PORTERSVILLE	PA	E Ohio - W Penn	4	4
FLEMINGS DAIRY	UTICA	OH	Ohio Valley	1	1
FRIEND-LEA DAIRY	EBENSBURG	PA		5	3B
GALLIKER DAIRY CO.	JOHNSTOWN	PA	E Ohio - W Penn	2	1
GLEN EDEN FARM-DIANNE TEETS	ROCHESTER	PA	E Ohio - W Penn	4	4
GOSHEN DAIRY COMPANY	NEW PHILADELPHIA	OH	E Ohio - W Penn	1	1
GREEN VALE FARM	COOPERSVILLE	MI	Southern Michigan	4	4
*GREEN VALLEY DAIRY	GEORGETOWN	PA	E Ohio - W Penn	4	4
GUERNSEY FARMS DAIRY	NORTHVILLE	MI	Southern Michigan	1	1
HILLSIDE DAIRY CO.	CLEVELAND HGHTS.	OH	E Ohio - W Penn	1	1
HILLTOP DAIRY, INC.	WINDBER	PA		5	3B
HUTTER FARM DAIRY	MT. PLEASANT	PA	E Ohio - W Penn.	4	4
INVERNESS DAIRY, INC.	CHEBOYGAN	MI	Michigan U P	1	1

PLANT NAME	CITY	ST	OCTOBER 1995		MIDEAST
			FEDERAL ORDER	STATUS¹	STATUS¹
*JACKSON ALL STAR DAIRY	JACKSON	MI	Southern Michigan	1	1
JACKSON FARMS	NEW SALEM	PA	E Ohio - W Penn	4	4
JILBERT DAIRY, INC.	MARQUETTE	MI	Michigan U P	1	1
JOHNSON'S DAIRY, INC.	ASHLAND	KY	Ohio Valley	1	1
KERBER'S DAIRY	N. HUNTINGDON	PA	E Ohio - W Penn	1	3B
KROGER COMPANY, THE	INDIANAPOLIS	IN	Indiana	1	1
*LANSING DAIRY, INC.	LANSING	MI	Southern Michigan	1	1
LIBERTY DAIRY CO.	EVART	MI	Southern Michigan	1	1
LONDON'S FARM DAIRY, INC.	PORT HURON	MI	Southern Michigan	1	1
MAPLEHURST FARMS, INC.	INDIANAPOLIS	IN	Indiana	1	1
MARBURGER FARM DAIRY, INC.	EVANS CITY	PA	E Ohio - W Penn	1	1
MCDONALD DAIRY COMPANY	FLINT	MI	Southern Michigan	1	1
MCMAHONS DAIRY, INC.	ALTOONA	PA		5	1
MEADOW BROOK DAIRY	ERIE	PA	E Ohio - W Penn	1	1
MEYER DAIRY	STATE COLLEGE	PA		5	3B
MEYER H & SONS DAIRY	CINCINNATI	OH	Ohio Valley	1	1
MICHIGAN DAIRY	LIVONIA	MI	Southern Michigan	1	1
*MILLER CORPORATION	CAMBRIDGE CITY	IN	Indiana	1	1
*MONG DAIRY CO.	SENECA	PA	E Ohio - W Penn	1	1
*MURPHY'S DAIRY	JAMESTOWN	PA	E Ohio - W Penn	4	4
MUSSER FARM	BELLEFONTE	PA		5	3B
*NICOL'S FARM DAIRY	BEAVER	PA	E Ohio - W Penn	4	4
OBERLIN FARMS DAIRY, INC.	CLEVELAND	OH	E Ohio - W Penn	1	1
OSBORN DAIRY	SAULT STE MARIE	MI	Michigan U P	4	3B
PLEASANT VIEW DAIRY CORP.	HIGHLAND	IN	Indiana	1	1
POTOMAC FARMS DAIRY, INC.	CUMBERLAND	MD	Mid Atlantic	2	1
PRAIRIE FARMS DAIRY, INC.	FT. WAYNE	IN	Indiana	1	1
PROCIOS EDGEWOOD DAIRY	BROOKVILLE	PA		5	3B
QUALITY CREAMERY, INC.	COMSTOCK PARK	MI	Southern Michigan	1	1
QUALITY DAIRY CO B.T.U.	LANSING	MI	Southern Michigan	1	1
*RAEMELTON FARM DAIRY	MANSFIELD	OH	Ohio Valley	4	4
REITER DAIRY CO.	SPRINGFIELD	OH	Ohio Valley	1	1
REITER DAIRY, INC.	AKRON	OH	E Ohio - W Penn	1	1
RITCHEY'S DAIRY, INC.	MARTINSBURG	PA	Mid Atlantic	2	1
ROELOF DAIRY	GALESBURG	MI	Southern Michigan	1	1
SANI DAIRY	JOHNSTOWN	PA	E Ohio - W Penn	2	1
SCHENKEL'S ALL-STAR DAIRY, INC.	HUNTINGTON	IN	Indiana	1	1
SCHIEVER FARM DAIRY	HARMONY	PA	E Ohio - W Penn	1	3B

PLANT NAME	CITY	ST	OCTOBER 1995		MIDEAST
			FEDERAL ORDER	STATUS <sup>1</sup>	STATUS <sup>1</sup>
SCHNEIDERS DAIRY, INC.	PITTSBURGH	PA	E Ohio - W Penn	1	1
SMITH DAIRY PRODUCTS CO.	ORRVILLE	OH	Ohio Valley	1	1
SMITH'S DAIRY PRODUCTS CO.	RICHMOND	IN	Ohio Valley	1	1
STERLING MILK CO.	WAUSEON	OH	Ohio Valley	1	1
SUPERIOR DAIRIES, INC.	SAGINAW	MI	Southern Michigan	1	1
SUPERIOR DAIRY, INC.	CANTON	OH	E Ohio - W Penn	1	1
TAMARACK FARMS	NEWARK	OH	Ohio Valley	1	1
TAYLOR MILK CO., INC.	AMBRIDGE	PA	E Ohio - W Penn	1	1
THE SPRINGHOUSE	EIGHTY FOUR	PA	E Ohio - W Penn	4	4
TOFT DAIRY INC.	SANDUSKY	OH	Ohio Valley	2	1
*TOLEDO MILK PROCESSING, INC.	MAUMEE	OH	Ohio Valley	1	1
TRAUTH, LOUIS DAIRY	NEWPORT	KY	Ohio Valley	1	1
TURNER DAIRY FARMS, INC.	PITTSBURGH	PA	E Ohio - W Penn	1	1
UNITED DAIRY FARMERS	CINCINNATI	OH	Ohio Valley	1	1
UNITED DAIRY, INC.	MARTINS FERRY	OH	E Ohio - W Penn	1	1
UNITED DAIRY, INC.	CHARLESTON	WV	Ohio Valley	1	1
UPSTATE MILK COOPERATIVES, INC.	JAMESTOWN	NY		5	1
VALEWOOD FARMS	CRESSON	PA		5	1
VALLEY RICH DAIRY	ROANOKE	VA	Ohio Valley	2	1
*WEST VIRGINIA UNIVERSITY DAIRY	MORGANTOWN	WV	E Ohio - W Penn	4	4
*WHITE KNIGHT PACKAGING CORP.	WYOMING	MI	Southern Michigan	1	1
YOUNG'S JERSEY DAIRY, INC.	YELLOW SPRINGS	OH	Ohio Valley	4	4

<sup>1</sup>DISTRIBUTING PLANT STATUS:  
1: POOL  
2: PARTIALLY REGULATED  
3: EXEMPT  
A: AS DEFINED UNDER CURRENT FEDERAL ORDERS  
B: WITH ROUTE DISPOSITION LESS THAN 150,000 LBS. PER MONTH  
(AS SUGGESTED IN IDENTICAL PROVISIONS REPORT)  
4: PRODUCER-HANDLER  
5: UNREGULATED  
6: GOVERNMENT AGENCY

\*Indicates plants with changes in status, federal order, name/ownership or are out of business. (See below)

## IDENTIFIED RECENT MARKET DEVELOPMENTS

(as of February 1997 pool; information not included in analysis)

### Status Changes:

*Green Valley Dairy*                      Georgetown, PA  
From Producer Handler to Pool plant  
*Hartzler Family Dairy*                      Wooster, OH  
Started business as a Pool plant, F.O. 36

### Effective:

May 96

July 96

Name Changes:

<i>Lansing Dairy, Inc. to Melody Farms, Inc.</i>	Lansing, MI	May 96
<i>Toledo Milk Processing, Inc. to Country Fresh of Ohio</i>	Maumee, OH	July 96
<i>White Knight Packaging Corporation to Parmalat White Knight Packaging Corporation</i>	Wyoming, MI	April 96

Out of Business:

<i>Borden, Inc.</i>	Youngstown, OH	Oct. 95
<i>Jackson All Star Dairy</i>	Jackson, MI	Aug 96
<i>Miller Corp.</i>	Cambridge City, IN	June 96
<i>Mong Dairy Co.</i>	Seneca, PA	June 96
<i>Murphy's Dairy</i>	Jamestown, PA	Aug. 96
<i>Nicol's Farm Dairy</i>	Beaver, PA	April 96
<i>Raemelton Farm Dairy</i>	Mansfield, OH	April 96
<i>West Virginia University Dairy</i>	Morgantown, WV	Oct. 96

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**MIDEAST MARKETING AREA - 323 counties**

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**Indiana - 72 counties (64 currently in F.O. 49; 2 currently in F.O. 33; 6 currently unregulated)**

Counties of Adams, Allen, Bartholomew, *Benton*, Blackford, Boone, Brown, *Carroll*, Cass, Clay, Clinton, De Kalb, Dearborn, Decatur, Delaware, Elkhart, Fayette, Fountain, Franklin, Fulton, Grant, Hamilton, Hancock, Hendricks, Henry, Howard, Huntington, Jackson, *Jasper*, Jay, Jefferson, Jennings, Johnson, Kosciusko, La Porte, Lagrange, Lake, Lawrence, Madison, Marion, Marshall, Miami, Monroe, Montgomery, Morgan, *Newton*, Noble, Ohio, Owen, Parke, Porter, *Pulaski*, Putnam, Randolph, Ripley, Rush, Shelby, St. Joseph, Starke, Steuben, Switzerland, Tippecanoe, Tipton, Union, Vermillion, Vigo, Wabash, Warren, Wayne, Wells, *White*, Whitley.

**Kentucky - 18 counties (All currently in F.O. 33)**

Counties of Boone, Boyd, Bracken, Campbell, Floyd, Grant, Greenup, Harrison, Johnson, Kenton, Lawrence, Lewis, Magoffin, Martin, Mason, Pendleton, Pike, Robertson.

**Michigan - 77 counties (59 whole and 1 partial currently in F.O. 40, 9 currently in F.O. 44, [4 currently in F.O. 49], (1 partial currently in F.O. 33), <1 partial currently in F.O. 40 and F.O. 33>, 2 whole and 3 partial currently unregulated)**

Counties of Alcona, Alger, Allegan, Alpena, Antrim, Arenac, Baraga, Barry, Bay, Benzie, [Berrien], [Branch], Calhoun, [Cass], Charlevoix, Cheboygan, Chippewa, Clare, Clinton, Crawford, Eaton, Emmet, Genesee, Gladwin, Grand Traverse, Gratiot, *Hillsdale*, Houghton, Huron, Ingham, Ionia, Iosco, Isabella, Jackson, Kalamazoo, Kalkaska, Kent, Keweenaw, Lake, Lapeer, Leelanau, (Lenawee), Livingston, Luce, Mackinac, Macomb, Manistee, Marquette, Mason, Mecosta, Midland, Missaukee, <Monroe>, Montcalm, Montmorency, Muskegon, Newaygo, Oakland, Oceana, Ogemaw, Osceola, Oscoda, Otsego, Ottawa,

Presque Isle, Roscommon, Saginaw, St. Clair, [St. Joseph], Sanilac, Schoolcraft, Shiawassee, Tuscola, *Van Buren*, Washtenaw, Wayne, Wexford.

**New York - 2 counties (Both currently unregulated)**

Counties of Cattaraugus, Chautauqua.

**Ohio - 88 counties (57 whole and [3 partial] currently in F.O. 33, 21 currently in F.O. 36, (1 currently in F.O. 33 and F.O. 36), 6 whole and [3 partial] currently unregulated)**

[All counties]

Counties of Adams, Allen, Ashland, Ashtabula, Athens, Auglaize, Belmont, Brown, Butler, Carroll, Champaign, Clark, Clermont, Clinton, Columbiana, [*Coshocton*], Crawford, Cuyahoga, Darke, *Defiance*, Delaware, *Erie*, Fairfield, Fayette, Franklin, Fulton, Fallia, Geauga, Greene, (Guernsey), Hamilton, Hancock, Hardin, Harrison, Henry, Highland, Hocking, Holmes, *Huron*, Jackson, Jefferson, Knox, Lake, Lawrence, Licking, Logan, Lorain, Lucas, Madison, Mahoning, Marion, Medina, Meigs, Mercer, Miami, Monroe, Montgomery, Morgan, Morrow, Muskingum, Noble, *Ottawa*, *Paulding*, Perry, Pickaway, Pike, Portage, Preble, Putnam, Richland, Ross, [*Sandusky*], Scioto, Seneca, Shelby, Stark, Summit, Trumbull, Tuscarawas, Union, [*Van Wert*], Vinton, Warren, Washington, Wayne, *Williams*, Wood, Wyandot.

**Pennsylvania - 29 counties (12 whole and 2 partial currently in F.O. 36; 15 whole and 2 partial currently unregulated)**

Counties of Allegheny, Armstrong, Beaver, *Bedford*, *Blair*, Butler, *Cambria*, *Cameron*, *Centre*, Clarion, *Clearfield*, Crawford, *Elk*, Erie, Fayette, *Forest*, Greene, *Huntingdon*, *Indiana*, *Jefferson*, Lawrence, *McKean*, Mercer, *Mifflin*, *Somerset*, Venango, Warren, Washington, Westmoreland.

**West Virginia - 37 counties (20 currently in F.O. 33, 17 currently in F.O. 36)**

Counties of Barbour, Boone, Brooke, Cabell, Calhoun, Doddridge, Fayette, Gilmer, Hancock, Harrison, Jackson, Kanawha, Lewis, Lincoln, Logan, Marion, Marshall, Mason, Mingo, Monongalia, Ohio, Pleasants, Preston, Putnam, Raleigh, Randolph, Ritchie, Roane, Taylor, Tucker, Tyler, Upshur, Wayne, Wetzel, Wirt, Wood, Wyoming.

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## **SUGGESTED UPPER MIDWEST MARKETING AREA MAPS**

This version of the report is text only. Click **SUGGESTED UPPER MIDWEST MARKETING AREA MAPS** to view/print this graphic.

## SUGGESTED UPPER MIDWEST MARKETING AREA

Consolidated Market: Upper Midwest

Current Markets: Chicago Regional, F.O. 30  
 Nebraska-Western Iowa, F.O. 65, less 10 counties  
 Upper Midwest, F.O. 68  
 Eastern South Dakota, F.O. 76  
 Iowa, F.O. 79  
 Plus: Michigan Upper Peninsula (Zone I and I(a)), F.O. 44  
 6 unregulated counties in Iowa  
 2 unregulated counties in Nebraska  
 1 unregulated county in Wisconsin

TABLE 1. STATUS OF DISTRIBUTING PLANTS <sup>1, 2</sup> OCTOBER 1995										
Federal Order	Number of Fully Regulated Plants		Number of Partially Regulated Plants		Number of Exempt Plants		Number of Producer Handlers		Number of Government Agency Plants	
	Initial Report	Revised Report	Initial Report	Revised Report	Initial Report <sup>3</sup>	Revised Report <sup>4</sup>	Initial Report	Revised Report	Initial Report	Revised Report
<b>F.O. 30</b>	12	13	4	3	0	3B: 0	2	2	0	0
<b>F.O. 65<sup>5</sup></b>	4	4	0	0	0	3B: 0	1	1	0	0
<b>F.O. 68</b>	14	14	3	3	0	3B: 0	1	1	0	0
<b>F.O. 76<sup>5</sup></b>	1	1	0	0	0	3B: 0	0	0	1	1
<b>F.O. 79<sup>5</sup></b>	6	6	1	0	0	3B: 1	2	2	0	0
<b>UPPER MIDWEST</b>	<b>27<sup>6</sup></b>	<b>39<sup>6</sup></b>	<b>7</b>	<b>6</b>	<b>0</b>	<b>3B: 2</b>	<b>3</b>	<b>6</b>	<b>0</b>	<b>1</b>

<sup>1</sup> Based on status of distributing plant under initial suggested consolidated order and initial pool distributing plant standard of 30 percent of receipts as Class I disposition and 15 percent of receipts as Class I disposition inside the initial suggested marketing area.

<sup>2</sup> Based on status of distributing plant under revised suggested consolidated order and Identical Provisions report pool distributing plant standard of 25 percent of receipts as Class I disposition and 15 percent of total route disposition inside the revised suggested marketing area.

<sup>3</sup> 3A: Exempt as defined under current Federal orders.

<sup>4</sup> 3B: Exempt with route disposition less than 150,000 lbs. per month (as suggested in Identical Provisions report).

<sup>5</sup> In the initial consolidation report, F.O.s 65, 76, and 79 were in the suggested Central market; plant numbers not included in initial Upper Midwest totals.

<sup>6</sup> Initial and revised reports include 1 fully regulated F.O. 44 plant.

TABLE 2. MARKET INFORMATION BASED ON OCTOBER 1995 POOL DATA						
Federal Order	Total Producer Milk (1000 lbs.)		Class I Utilization Percentage		Weighted Average Utilization Value <sup>3</sup>	
	Initial Report <sup>1</sup>	Revised Report <sup>2</sup>	Initial Report	Revised Report	Initial Report	Revised Report
F.O. 30	747,927	753,630 <sup>5</sup>	29.32%	29.74%	\$12.60	\$12.62
F.O. 65	125,812	125,812	42.01%	42.01%	\$12.63	\$12.63
F.O. 68	298,612	298,612	46.29%	46.29%	\$12.55	\$12.55
F.O. 76	Restricted	With F.O. 30	60.46%	60.46%	\$12.81	\$12.81
F.O. 79	176,155	176,155	49.58%	49.58%	\$12.69	\$12.69
UPPER MIDWEST <sup>4</sup>	<b>1,046,539</b>	<b>1,354,209</b>	<b>34.16%</b>	<b>37.55%</b>	<b>\$12.59</b>	<b>\$12.62</b>

<sup>1</sup> Producer deliveries of milk to handlers regulated under Federal orders, October 1995 (Table 6, *Federal Milk Order Market Statistics for September and October 1995*, FMOS-410, Agricultural Marketing Service, USDA).

<sup>2</sup> Initial report producer deliveries, adjusted to include only those handlers who would be fully regulated (i.e. Status = 1) in the revised suggested marketing area.

<sup>3</sup> **Not a blend price** -- shown solely for the purpose of showing impact of consolidation on utilization.

<sup>4</sup> F.O. 65, 76, and 79 market information for initial report not included in Upper Midwest market. These orders were included in the initially-suggested Central market.

<sup>5</sup> Includes producer milk for F.O.s 44 and 76, and 3 F.O. 30 plants whose status changed in revised suggested Upper Midwest market.

## SUMMARY OF COMMENTS AND RESPONSES

The Upper Midwest marketing area suggested in the initial Preliminary Report has been revised to include the Eastern South Dakota (Order 76), Iowa (Order 79), and part of Nebraska-Western Iowa (Order 65) marketing areas and eight unregulated counties in Iowa and Nebraska, in addition to the Chicago Regional (Order 30), Upper Midwest (Order 68), and Zone I and I(a) of Michigan Upper Peninsula (Order 44) marketing areas and one unregulated county in Wisconsin.

Comments regarding Federal order consolidation in the Upper Midwest region were received from cooperatives, a dairy consultant, producers, and a state legislator.

Prior to release of the initial Preliminary Report, several combinations of marketing areas were suggested, ranging from keeping Orders 30 and 68 as separate, stand-alone marketing areas, to these two orders being combined with up to nine other Federal orders. Reasons to combine markets include common procurement and Class I route disposition, the historical role of many of the suggested markets as reserve supply areas, and competition of Class I plants with cheese plants for milk supplies. A merger of ten marketing areas -- Orders 30, 32, 44, 49, 50, 64, 65, 68, 76, and 79 -- was proposed in 1995 on the basis on common procurement and Class I route disposition; this combination of markets was again suggested in a reform comment. All other suggestions involve some combination of these ten Orders.

Changes to the initially-suggested Upper Midwest marketing area have been offered. Typically, comments refer to the low combined-market Class I utilization level and describe this low level as causing disorderly marketing conditions. Suggested remedies add more markets to the suggested area (particularly cited: Gary, Indiana; Iowa, and most of North and South Dakota; and the CMPC (and Lakeshore Federation-backed) consolidated 10-market area proposal (or 11, if Order 46 is considered). These remedies, it is contended, encompass more population centers, increase Class I utilization and thus improve producer prices.

Updated information for January 1997 was obtained to examine the relationships between markets in the Upper Midwest region. The combined effect of overlaps in procurement and Class I sales does support the consolidation of Orders 30, 65, 68, 76, and 79.

Order 65 handlers procure slightly over half of the market's milk supply from the part of Order 65 which would be included in the suggested Upper Midwest market, 35 percent from Order 79, South Dakota, and Minnesota, and the remainder from western Nebraska (including those Order 65 counties included in the suggested Central market), Colorado, Kansas, and Missouri.

As with Order 65, Order 79 has greater association with markets to the north in comparison to markets to the south. Of milk pooled on Order 79 in January 1997, almost 30 percent is from Minnesota and Wisconsin, while just five percent of Order 79 is provided from Kansas and Missouri. One comment stated that the Des Moines, Iowa, area historically has experienced difficulties in obtaining an adequate supply of milk, and requires a higher blend price to do so. The regional committee dealing with this area will have to assure that the order contains provisions that will enable Iowa handlers to attract needed milk supplies.

Though not as strong an association as milk procurement, the same type of association, market-wise, is found for route disposition. Order 65 handlers have 8.8 million pounds of route disposition into Orders 68, 76, and 79, 6 million pounds into the revised suggested Central market, and 4.4 million pounds into the unregulated area north of Order 65.

Order 79 handlers have route disposition of 16 million pounds into the combined markets of Orders 30, 68, 65, and 76, while markets to the south account for 13 million pounds of their route disposition.

The western portion of Order 65 would remain with the revised suggested Central market in this report. This area has significant association with the Eastern Colorado (Order 137) market as a milk supply area.

The further south and the more territory a potential Upper Midwest marketing area covers, the lesser degree of association is exhibited.

Order 50 has more route disposition in markets to the south than in markets to the north. While half of Order 50's producer milk is from Iowa, less than one percent of Order 50 sales are made in Order 79. Additionally, the only fully regulated Order 50 handler is located closer

to Order 32 handlers than to Order 30 handlers, indicating that greater competition may exist with Order 32.

While Order 32 handlers receive over 15 percent of their producer milk from Minnesota and Wisconsin, minimal movement of Class I sales is indicated between Order 32 and Orders 30 and 68. Less than four percent of Order 32's route disposition is into Order 30, and less than two percent of Order 30's route disposition is into Order 32.

Order 64 handlers receive 98 percent of their pooled milk from Kansas and Missouri and have route disposition into Order 30 of less than one percent.

Enhancement of the Class I percentage for the Upper Midwest market may be better left to pooling qualifications rather than assimilation of higher Class I markets.

Using October 1995 information and under the standards used for this revised report, this suggested Upper Midwest market would be comprised of 39 fully regulated plants. Two plants that currently are partially regulated, one under Order 30 and the other under Order 79, would become fully regulated. One plant that currently is fully regulated under Order 79 would become exempt by virtue of having route disposition less than 150,000 pounds. There would be 6 producer-handlers and one government agency plant.

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#### LIST OF PLANTS AND REGULATORY STATUS BASED ON OCTOBER 1995

PLANT NAME	CITY	ST	OCTOBER 1995		UPPER MIDWEST
			FEDERAL ORDER	STATUS <sup>1</sup>	STATUS <sup>1</sup>
ANDERSON ERICKSON DAIRY CO.	DES MOINES	IA	Iowa	1	1
*ASSOC. MILK PRODUCERS, INC.	DEPERE	WI	Chicago Regional	1	1
AYSTA DAIRY, INC.	VIRGINIA	MN	Upper Midwest	1	1
*BAKER'S DAIRY COMPANY	MOLINE	IL	Iowa	1	1
CASS-CLAY CREAMERY, INC.	GRAND FORKS	ND	Upper Midwest	1	1
CASS-CLAY CREAMERY, INC.	FARGO	ND	Upper Midwest	1	1
CASS-CLAY CREAMERY, INC.	MANDAN	ND	Upper Midwest	2	2
CENTRAL MINNESOTA	SAUK CENTRE	MN	Upper Midwest	1	1
*COUNTRY LAKE FOODS, INC.	BISMARCK	ND	Upper Midwest	2	2
*COUNTRY LAKE FOODS, INC.	SIOUX FALLS	SD	E South Dakota	1	1
*COUNTRY LAKE FOODS, INC.	THIEF RIVER	MN	Upper Midwest	1	1
*COUNTRY LAKE FOODS, INC.	WOODBURY	MN	Upper Midwest	1	1
DEAN FOODS CO.	HUNTLEY	IL	Chicago Regional	1	1
DEAN FOODS CO.	HARVARD	IL	Chicago Regional	1	1

PLANT NAME	CITY	ST	OCTOBER 1995		UPPER MIDWEST
			FEDERAL ORDER	STATUS¹	STATUS¹
ELDON MOSS	IOWA CITY	IA	Iowa	4	4
FOREMOST FARMS USA	WAUKESHA	WI	Chicago Regional	1	1
FOREMOST FARMS USA	WAUSAU	WI	Chicago Regional	1	1
FRANKLIN FOODS	DULUTH	MN	Upper Midwest	1	1
HANSENS DAIRY, INC.	GREEN BAY	WI	Chicago Regional	2	1
HASTINGS COOPERATIVE	HASTINGS	MN	Upper Midwest	1	1
KOHLER MIX SPECIALITIES, INC.	WHITE BEAR	MN	Upper Midwest	2	2
KWIK TRIP DAIRY	LA CROSSE	WI	Chicago Regional	1	1
LAMERS DAIRY, INC.	KIMBERLY	WI	Chicago Regional	2	1
LIFEWAY FOODS, INC.	SKOKIE	IL	Chicago Regional	2	2
MARIGOLD FOODS, INC.	ROCHESTER	MN	Upper Midwest	1	1
MARIGOLD FOODS, INC.	CEDARBURG	WI	Chicago Regional	1	1
MARIGOLD FOODS, INC.	MINNEAPOLIS	MN	Upper Midwest	1	1
MEADOW GOLD DAIRIES, INC.	LINCOLN	NE	Nebraska - W Iowa	1	1
MEYER BROTHERS DAIRY	WAYZATA	MN	Upper Midwest	1	1
MULLER-PINEHURST, INC.	ROCKFORD	IL	Chicago Regional	1	1
NORTH BRANCH DAIRY, INC.	NORTH BRANCH	MN	Upper Midwest	1	1
OAK GROVE DAIRY	NORWOOD	MN	Upper Midwest	1	1
OBERWEIS DAIRY, INC.	AURORA	IL	Chicago Regional	1	1
POLLARD DAIRY, INC.	NORWAY	MI	Michigan U P	1	1
RADIANCE DAIRY	FAIRFIELD	IA	Iowa	4	4
ROBERTS DAIRY CO.	DES MOINES	IA	Iowa	1	1
ROBERTS DAIRY CO.	IOWA CITY	IA	Iowa	1	1
ROBERTS DAIRY CO.	OMAHA	NE	Nebraska - W Iowa	1	1
ROCK I FARMS	OSWEGO	IL	Chicago Regional	4	4
*SCHRANT ROADSIDE DAIRY	WINSIDE	NE	Nebraska - W Iowa	4	4
SCHROEDER MILK CO., INC.	ST PAUL	MN	Upper Midwest	1	1
SOUTH DAKOTA STATE UNIV.	BROOKINGS	SD	E South Dakota	6	6
*STAR SPECIALTY FOODS, INC.	MADISON	WI	Chicago Regional	1	2

PLANT NAME	CITY	ST	OCTOBER 1995		UPPER MIDWEST
			FEDERAL ORDER	STATUS <sup>1</sup>	STATUS <sup>1</sup>
*STOER DAIRY FARMS, INC.	TWO RIVERS	WI	Chicago Regional	4	4
*SWISS VALLEY FARMS CO.	CEDAR RAPIDS	IA	Iowa	1	3B
SWISS VALLEY FARMS CO.	CHICAGO	IL	Chicago Regional	1	1
*SWISS VALLEY FARMS CO.	DUBUQUE	IA	Iowa	1	1
*TEGELERS DAIRY	DYERSVILLE	IA	Iowa	1	1
TETZNER DAIRY	WASHBURN	WI	Upper Midwest	4	4
*UNITED WORLD IMPORTS	CHICAGO	IL	Chicago Regional	2	2
VERIFINE DAIRY PRODUCTS CO.	SHEBOYGAN	WI	Chicago Regional	1	1
WEBERS, INC.	MARSHFIELD	WI		5	3B
WELLS DAIRY, INC.	LE MARS	IA	Nebraska - W Iowa	1	1
WELLS DAIRY, INC.	OMAHA	NE	Nebraska - W Iowa	1	1

<sup>1</sup>DISTRIBUTING PLANT STATUS:

1: POOL

2: PARTIALLY REGULATED

3: EXEMPT

A: AS DEFINED UNDER CURRENT FEDERAL ORDERS

B: WITH ROUTE DISPOSITION LESS THAN 150,000 LBS. PER MONTH  
(AS SUGGESTED IN IDENTICAL PROVISIONS REPORT)

4: PRODUCER-HANDLER

5: UNREGULATED

6: GOVERNMENT AGENCY

\*Indicates plants with changes in status, federal order, name/ownership or are out of business. (See below)

## IDENTIFIED RECENT MARKET DEVELOPMENTS

(as of February 1997 pool; information not included in analysis)

### Changes in Regulating Order:

<i>Swiss Valley Farms Co.</i>	Cedar Rapids, IA	
Became Pool Supply plant under F.O. 30 from Pool plant under F.O. 79		Feb. 97
<i>Swiss Valley Farms Co.</i>	Dubuque, IA	
Became Pool plant under F.O. 30 from F.O. 79		Feb. 97
<i>United World Imports</i>	Chicago, IL	
From Partially regulated F.O. 30 to unregulated		Feb. 97

### Name Changes/\*Ownership Changes:

*Associated Milk Producers, Inc. to		
Foremost Farms Cooperative	Depere, WI	Dec. 95
Country Lake Foods, Inc. to Land O'Lakes, Inc.		
	Bismarck, ND	Aug. 96
Country Lake Foods to Land O' Lakes, Inc.,		
Fluid Dairy Division	Sioux Falls, SD	July 96
Country Lake Foods, Inc. to Land O'Lakes, Inc.		
	Thief River Falls, MN	Aug. 96

<i>Country Lake Foods, Inc. to Land O'Lakes, Inc.</i>	Woodbury, MN	Aug. 96
<i>Schrant Roadside Dairy to Roadside Dairy</i>	Winside, NE	Unk.
<i>Star Specialty Foods, Inc.dba The Morningstar Group, Inc. to Morningstar Foods, Inc.</i>	Madison, WI	Feb. 97
<u>Out of Business:</u>		
<i>Baker's Dairy Company</i>	Moline, IL	June 96
<i>Stoer Dairy Farms</i>	Two Rivers, WI	Feb. 96
<i>Tegelers Dairy</i>	Dyersville, IA	Nov. 95

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## UPPER MIDWEST MARKETING AREA - 389 counties

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**Illinois - 20 counties (14 currently in F.O. 30; 4 currently in F.O. 79; 2 currently in F.O. 30 and F.O. 79)**

Counties of Boone, Carroll, Cook, De Kalb, Du Page, Henderson, Henry, Jo Daviess, Kane, Kendall, Lake, Lee, McHenry, Mercer, Ogle, Rock Island, Stephenson, Whiteside, Will, Winnebago.

**Iowa - 98 counties ([17 currently in F.O. 65]; 5 currently in F.O. 68; {1 currently in F.O. 76}; 68 currently in F.O. 79; <1 currently in F.O. 68 and F.O. 79>; 6 currently unregulated)**

Counties of Adair, Adams, Allamakee, Appanoose, Audubon, Benton, Black Hawk, Boone, Bremer, Buchanan, *Buena Vista*, Butler, Calhoun, Carroll, [Cass], Cedar, Cerro Gordo, [Cherokee], Chickasaw, Clarke, *Clay*, Clayton, Clinton, [Crawford], Dallas, Davis, Decatur, Delaware, Des Moines, *Dickinson*, Dubuque, *Emmet*, Fayette, Floyd, Franklin, [Fremont], Greene, Grundy, Guthrie, Hamilton, Hancock, Hardin, [Harrison], Henry, Howard, Humboldt, [Ida], Iowa, Jackson, Jasper, Jefferson, Johnson, Jones, Keokuk, Kossuth, Linn, Louisa, Lucas, {Lyon}, Madison, Mahaska, Marion, Marshall, [Mills], <Mitchell>, [Monona], Monroe, [Montgomery], Muscatine, [O'Brien], *Osceola*, [Page], *Palo Alto*, [Plymouth], Pocahontas, Polk, [Pottawattamie], Poweshiek, Ringgold, [Sac], Scott, [Shelby], [Sioux], Story, Tama, Taylor, Union, Van Buren, Wapello, Warren, Washington, Wayne, Webster, Winnebago, Winneshie, [Woodbury], Worth, Wright.

**Michigan - 6 counties (All currently in Zone I and I(a) of F.O. 44)**

Counties of Delta, Dickinson, Gogebic, Iron, Menominee, Ontonagon.

**Minnesota - 87 counties (83 currently in F.O. 68; 4 currently in F.O. 76)**

[All counties]

Counties of Aitkin, Anoka, Becker, Beltrami, Benton, Big Stone, Blue Earth, Brown, Carlton, Carver, Cass, Chippewa, Chisago, Clay, Clearwater, Cook, Cottonwood, Crow Wing, Dakota, Dodge, Douglas, Faribault, Fillmore, Freeborn, Goodhue, Grant, Hennepin, Houston, Hubbard, Isanti, Itasca, Jackson, Kanabec, Kandiyohi, Kittson, Koochiching, Lac Qui Parle, Lake, Lake of the Woods, Le Sueur, *Lincoln*, Lyon, Mahnomen, Marshall, Martin, McLeod, Meeker, Mille Lacs, Morrison, Mower, Murray, Nicollet, *Nobles*, Norman,

Olmstead, Otter Tail, Pennington, Pine, *Pipestone*, Polk, Pope, Ramsey, Red Lake, Redwood, Renville, Rice, *Rock*, Roseau, St. Louis, Scott, Sherburne, Sibley, Stearns, Steele, Stevens, Swift, Todd, Traverse, Wabasha, Wadena, Waseca, Washington, Watonwan, Wilkin, Winona, Wright, Yellow Medicine.

**Missouri - 5 counties (All currently in F.O. 79)**

Counties of Grundy, Harrison, Mercer, Putnam, Schuyler.

**Nebraska - 51 counties (49 currently in F.O. 65; 2 currently unregulated)**

Counties of Adams, Antelope, Boone, Buffalo, Burt, Butler, Cass, Cedar, Clay, Colfax, Cuming, Dakota, Dixon, Dodge, Douglas, Fillmore, Franklin, Gage, Greeley, Hall, Hamilton, Howard, Jefferson, Johnson, Kearney, Knox, Lancaster, Madison, Merrick, Nance, Nemaha, Nuckolls, Otoe, *Pawnee*, Pierce, Platte, Polk, *Richardson*, Saline, Sarpy, Saunders, Seward, Sherman, Stanton, Thayer, Thurston, Valley, Washington, Wayne, Webster, York.

**North Dakota - 16 counties (All currently in F.O. 68)**

Counties of Barnes, Cass, Cavalier, Dickey, Grand Forks, Griggs, La Moure, Nelson, Pembina, Ramsey, Ransom, Richland, Sargent, Steele, Traill, Walsh.

**South Dakota - 34 counties (8 currently in F.O. 68; 25 currently in F.O. 76; 1 currently in F.O. 65 and F.O. 76)**

Counties of Aurora, Beadle, Bon Homme, Brookings, Brown, Clark, Clay, Codington, Davison, Day, Deuel, Douglas, Edmunds, Grant, Hamlin, Hanson, Hutchinson, Jerauld, Kingsbury, Lake, Lincoln, Marshall, McCook, McPherson, Miner, Minehaha, Moody, Roberts, Sanborn, Spink, Turner, *Union*, Walworth, Yankton.

**Wisconsin - 72 counties (43 whole and <3 partial> currently in F.O. 30; {3 partial currently in F.O. 44}; 20 currently in F.O. 68; [2 currently in F.O. 79]; 1 whole and 6 partial currently unregulated)**

[All counties]

Counties of Adams, Ashland, Barron, Bayfield, Brown, Buffalo, Burnett, Calumet, Chippewa, Clark, Columbia, [Crawford], Dane, Dodge, <Door>, Douglas, Dunn, Eau Claire, {Florence}, Fond du Lac, Forest, [Grant], Green, Green Lake, Iowa, {Iron}, *Jackson*, Jefferson, Juneau, Kenosha, Kewaunee, La Crosse, Lafayette, Langlade, Lincoln, Manitowoc, <Marathon>, {Marinette}, Marquette, Menominee, Milwaukee, Monroe, Oconto, Oneida, Outagamie, Ozaukee, Pepin, Pierce, Polk, Portage, Price, Racine, Richland, Rock, Rusk, St. Croix, Sauk, Sawyer, Shawano, Sheboygan, Taylor, Trempealeau, Vernon, Vilas, Walworth, Washburn, Washington, Waukesha, Waupaca, Waushara, Winnebago, <Wood>.

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## **SUGGESTED CENTRAL MARKETING AREA MAPS**

This version of the report is text only. Click **SUGGESTED CENTRAL MARKETING AREA MAPS** to view/print this graphic.

## SUGGESTED CENTRAL MARKETING AREA

Consolidated Market: Central

Current Markets: Southern Illinois-Eastern Missouri, F.O. 32  
 Central Illinois, F.O. 50  
 Greater Kansas City, F.O. 64  
 Southwest Plains, F.O. 106  
 Eastern Colorado, F.O. 137  
 Plus: 10 counties from Nebraska-Western Iowa, F.O. 65  
 3 unregulated counties in Colorado  
 8 unregulated counties in Illinois  
 23 unregulated counties in Kansas  
 16 unregulated counties in Missouri  
 5 unregulated counties in Nebraska

TABLE 1. STATUS OF DISTRIBUTING PLANTS <sup>1, 2</sup> OCTOBER 1995										
Federal Order	Number of Fully Regulated Plants		Number of Partially Regulated Plants <sup>5</sup>		Number of Exempt Plants		Number of Producer Handlers <sup>6</sup>		Number of Government Agency Plants	
	Initial Report	Revised Report	Initial Report	Revised Report	Initial Report <sup>3</sup>	Revised Report <sup>4</sup>	Initial Report	Revised Report	Initial Report	Revised Report
F.O. 32	10	10	0	0	0	3B: 1	0	0	0	0
F.O. 50 <sup>7</sup>	3	1	0	0	0	3B: 0	0	0	2	1
F.O. 64 <sup>7</sup>	0	1	0	0	0	3B: 0	0	1	1	1
F.O. 106	10	9	1	1	0	3B: 1	2	2	0	0
F.O. 137	9	8	0	1	0	3B: 0	4	4	1	1
<b>CENTRAL</b>	<b>42<sup>8</sup></b>	<b>30<sup>9</sup></b>	<b>3</b>	<b>3</b>	<b>0</b>	<b>3B: 2</b>	<b>9</b>	<b>8</b>	<b>4</b>	<b>3</b>

<sup>1</sup> Based on status of distributing plant under initial suggested consolidated order and initial pool distributing plant standard of 30 percent of receipts as Class I disposition and 15 percent of receipts as Class I disposition inside the initial suggested marketing area.

<sup>2</sup> Based on status of distributing plant under revised suggested consolidated order and Identical Provisions report pool distributing plant standard of 25 percent of receipts as Class I disposition and 15 percent of total route disposition inside the revised suggested marketing area.

<sup>3</sup> Exempt as defined under current Federal orders.

<sup>4</sup> 3B: Exempt with route disposition less than 150,000 lbs. per month (as suggested in Identical Provisions report).

<sup>5</sup> Initial report includes 1 from F.O. 79, 1 from Black Hills, SD, 1 from F.O. 106. Black Hills partially regulated plant also appears as partially regulated with F.O. 137 in revised report.

<sup>6</sup> Initial report includes 1 from F.O. 65, 2 from F.O. 79. Revised report includes one producer handler not located in marketing area.

<sup>7</sup> F.O.s 50, 64, and 76 combined in initial report. F.O. 76 is included in suggested Upper Midwest market in revised report.

<sup>8</sup> Initial report includes 4 from F.O. 65, 1 from F.O. 76, and 6 from F.O. 79.

<sup>9</sup> Includes one plant shown as partially regulated under F.O. 137 for October 1995 in initial report; plant was actually unregulated so not shown as a F.O. 137 plant in revised report.

TABLE 2. MARKET INFORMATION BASED ON OCTOBER 1995 POOL DATA						
Federal Order	Total Producer Milk (1000 lbs.)		Class I Utilization Percentage		Weighted Average Utilization Value <sup>3</sup>	
	Initial Report <sup>1</sup>	Revised Report <sup>2</sup>	Initial Report	Revised Report	Initial Report	Revised Report
F.O. 32	143,169	143,169 <sup>6</sup>	66.26%	66.25%	\$12.93	\$13.00
F.O. 50	15,124	15,124	77.42%	77.42%	\$13.03	\$13.03
F.O. 64	Restricted <sup>5</sup>	With F.O. 106	N/A	N/A	\$13.22	\$13.22
F.O. 106	289,675	317,087 <sup>7</sup>	46.69%	47.39%	\$13.29	\$13.31
F.O. 137	136,954	136,954 <sup>8</sup>	N/A	N/A	\$13.27	\$13.27
<b>CENTRAL<sup>4</sup></b>	<b>932,929</b>	<b>599,334</b>	<b>50.59%</b>	<b>53.52%</b>	<b>\$13.15</b>	<b>\$13.21</b>

<sup>1</sup> Producer deliveries of milk to handlers regulated under Federal orders, October 1995 (Table 6, *Federal Milk Order Market Statistics for September and October 1995*, FMOS-410, Agricultural Marketing Service, USDA).

<sup>2</sup> Initial report producer deliveries, adjusted to include only those handlers who would be fully regulated (i.e. Status = 1) in the revised suggested marketing area.

<sup>3</sup> **Not a blend price** -- shown solely for the purpose of showing impact of consolidation on utilization.

<sup>4</sup> Initial report included F.O. 65, 76, and 79 in suggested Central market. Market information listed for initial report represents all F.O.s included in initially-suggested Central market.

<sup>5</sup> F.O.s 50, 64, and 76 market information combined in initial report. F.O. 64 information is restricted.

<sup>6</sup> Includes producer milk from one fully regulated plant which would be exempt (3B) in this revised Central market.

<sup>7</sup> Includes F.O. 64 producer milk and 2 F.O. 106 plants whose status would change in this revised Central market.

<sup>8</sup> Excludes producer milk for one partially regulated plant which would be fully regulated in this revised Central market.

## SUMMARY OF COMMENTS AND RESPONSES

The Central marketing area suggested in the initial Preliminary Report has been revised. Orders 76, 79, and the eastern half of Order 65 now are included in the revised suggested Upper Midwest marketing area. Twelve Order 32 counties that were part of the initially-suggested Mideast market are included in this revised Central market, as well as Orders 50, 64, 106, 137, the western half of Order 65, and 55 unregulated counties in 5 states.

Comments from cooperatives, proprietary handlers and a U.S. Congressman were received prior to and since the Department's release of the initial Preliminary Report. Many combinations of existing marketing areas were suggested. When reasons were presented in support of a certain combination, overlap in sales and procurement areas typically were noted, but occasionally "reserve supply areas" was used as a reason to combine markets, as well as size of current markets and need to combine in order to increase size to a point where market statistics could be released.

Prior to the Preliminary Report, some examples of suggestions were: combine Orders 64, 65, and 76; Orders 32, 50, 64, 65, 75 (terminated November 1996), 76, and 79; Orders 64, 65, 76, that part of 106 in Kansas and unregulated Kansas; Orders 32, 50, 49, and 79; and Orders 32, 64, and 106.

Early comments also requested exclusion of currently unregulated counties in Missouri and noted that no changes in market conditions have occurred since a formal rulemaking procedure examined potential market area expansion in 1986.

The unregulated area of Missouri remains unregulated in this revised suggested Central market. One currently unregulated handler is located in this area. This handler does compete for sales with regulated handlers in this area, but disorderly marketing conditions do not appear to exist. Thus, it does not appear that this area needs to be included in the Central marketing area to achieve the goal of orderly marketing.

One comment suggested that Order 79 could be combined with Orders 30 and 68 but warned that, because the Des Moines, Iowa, area Class I market historically has been difficult to service, a higher blend price is needed. Thus, this comment would include Order 79 with markets to the south of the Upper Midwest region.

Since the Preliminary Report's release, several changes to the suggested Central marketing area have been offered. Several comments contend that the industry and market structure have changed to an extent that historical patterns may no longer be valid.

The revised suggested Central market has changed considerably from the initial preliminary report. Orders 76, 79, and part of 65 have been moved to the suggested Upper Midwest market. Utilizing updated information, a stronger relationship is evident between Order 65 and 79 with the Upper Midwest market than with the Central market. More specific data is provided in the discussion of the revised suggested Upper Midwest marketing area.

Comments have been made both to include and to exclude the former Black Hills, South Dakota area (Order 75) in this area. Prevention of disorderly marketing conditions, particularly with Eastern Colorado (Order 137) regulated handlers is the major reason given to include Black Hills. Limited local market and tenuous milk production are used as counter-arguments to exclude this area from the Central market.

Several comments have questioned the strength of association between Order 137 and the rest of the markets included in the Central area. It is contended that a greater historical association is seen than current actual milk movements. Also, surplus milk from Order 137 travels to markets in the suggested Central, Southwest, and Western markets. Comments suggest that Eastern Colorado might better fit with the Southwest or Western marketing areas.

Although comments have questioned the relationship of Order 137 and the rest of the suggested Central market, updated information continues to indicate that a greater association exists with the markets in this area in comparison to other markets. The western portion of Order 65 remains with this revised suggested Central market due to this area's association with Order 137 as a milk supply area.

Route disposition of Order 137 handlers into areas included in the suggested Central market (not including sales into Order 137, which accounts for over 90 percent of route disposition) were over double the route disposition into the Western Colorado (Order 134) market. Of the total amount of milk pooled on Order 137 in January 1997, Colorado counties in Order 137 accounted for 86 percent, Nebraska and Kansas had over 10 percent, and the remaining milk came from non-Order 137 Colorado counties, New Mexico, Wyoming, and Idaho. Thus, both route disposition and milk procurement information indicates that Order 137 has a stronger relationship with the suggested Central market than it does with Order 134. It should also be noted that the Rocky Mountains may present a natural barrier to an easy exchange of milk between the Order 134 and 137 areas.

Additional comments also suggested additions to the Central marketing area: six currently unregulated counties in Illinois and one in Iowa, some area (not defined in comments) in northeastern Missouri, and some counties currently in Orders 49 and 46 (Indiana and Louisville-Lexington-Evansville). A comment contended that some plants regulated under these two Federal orders have sales in Order 32.

Some route disposition from Orders 46 and 49 into Order 32 does exist. The volumes are restricted, but in general, are very small. Some milk from the Order 46 area is pooled on Order 32: in January 1997, 4.2 million pounds representing less than three percent of Order 32 milk came from Indiana and Kentucky. Neither suggestion is supported by data to a sufficient degree to move counties into the revised Central market.

The portion of Order 32 that had been combined with the initially-suggested Mideast market has been realigned with the revised Central market. This change is a result of supply contracts with certain outlets which have changed suppliers. As a result of this handler change, the majority of route disposition from the handler in the area in question is now within the Central market.

Several comments suggested that the Arkansas and Missouri counties in the Order 106 market should be included in the Southeast marketing area rather than the Central marketing area. The counties in question would remain with the revised suggested Central marketing area as a higher percentage of producer milk from those areas is received in the Central area. Additionally, handlers in those counties compete more with handlers which would be regulated in the suggested Central market than handlers which would be regulated in the suggested Southeast market. These comments are discussed with greater specificity in the revised suggested Southeast marketing area section.

Using October 1995 information and under the standards used for this revised report, this suggested Central market would be comprised of 30 fully regulated plants. Two plants that were fully regulated under the initial report, 1 from Order 32 and 1 from Order 106, would become exempt by virtue of having route disposition less than 150,000 pounds. One Order 32 plant that had been included in the Mideast order in the initial report, would become pooled in the Central area. There would be 3 partially regulated plants, 8 producer-handlers and 3 government agency plants.

**LIST OF PLANTS AND REGULATORY STATUS  
BASED ON OCTOBER 1995**

PLANT NAME	CITY	ST	OCTOBER 1995		CENTRAL
			FEDERAL ORDER	STATUS <sup>1</sup>	STATUS <sup>1</sup>
ASHER DAIRY	MARCELINE	MO		4	4
*BRAUM'S ICE CREAM AND DAIRY (W.H. BRAUM, INC.)	TUTTLE	OK	Southwest Plains	1	1
CENTRAL DAIRY & ICE CREAM	JEFFERSON CITY	MO		5	5
CHESTER DAIRY CO.	CHESTER	IL	S Illinois - E Missouri	1	1
*COLLEGE OF THE OZARKS	POINT LOOKOUT	MO	Southwest Plains	1	3B
*DAIRY GOLD FOODS CO.	CHEYENNE	WY		5	1
DEPT. OF CORRECTIONS	CANON CITY	CO	Eastern Colorado	6	6
DILLON DAIRY CO.	DENVER	CO	Eastern Colorado	1	1
FARM FRESH DAIRY, INC.	CHANDLER	OK	Southwest Plains	1	1
GALESBURG CORR. CENTER	GALESBURG	IL	Central Illinois	6	6
*GILLETTE DAIRY OF BLACK HILLS	RAPID CITY	SD	Black Hills	1	2
GRAVES GRADE A DAIRY	BELLVUE	CO	Eastern Colorado	4	4
HILAND DAIRY CO.	SPRINGFIELD	MO	Southwest Plains	1	1
HILAND DAIRY CO.	NORMAN	OK	Southwest Plains	1	1
HILAND DAIRY CO.	FAYETTEVILLE	AR	Southwest Plains	1	1
HILAND DAIRY CO.	WICHITA	KS	Southwest Plains	1	1
HILAND DAIRY CO.	FORT SMITH	AR	Southwest Plains	1	1
JACKSON ICE CREAM CO.	HUTCHINSON	KS	Southwest Plains	1	1
KANSAS STATE UNIV.	MANHATTAN	KS	Greater Kansas City	6	6
KARL'S FARM DAIRY, INC.	EASTLAKE	CO	Eastern Colorado	4	4
LAESCH DAIRY CO.	BLOOMINGTON	IL	S Illinois - E Missouri	1	1
LAND-O-SUN DAIRIES, INC.	O'FALLON	IL	S Illinois - E Missouri	1	1
LENZ DAIRY	PRAIRIE HOME	MO	Greater Kansas City	4	4
LONGMONT DAIRY FARM	LONGMONT	CO	Eastern Colorado	4	4
LOWELL-PAUL DAIRY, INC.	GREELEY	CO	Eastern Colorado	4	4
MEADOW GOLD DAIRIES, INC.	GREELEY	CO	Eastern Colorado	1	1
MEADOW GOLD DAIRIES, INC.	ENGLEWOOD	CO	Eastern Colorado	1	1
*MEADOW GOLD DAIRIES, INC.	CHAMPAIGN	IL	S Illinois - E Missouri	1	1
*MEADOW GOLD DAIRIES, INC.	TULSA	OK	Southwest Plains	1	1
MID-AMERICA DAIRYMEN, INC.	LEBANON	MO	Southwest Plains	1	2
MID-STATES DAIRY COMPANY	HAZELWOOD	MO	S Illinois - E Missouri	1	1

PLANT NAME	CITY	ST	OCTOBER 1995		CENTRAL
			FEDERAL ORDER	STATUS <sup>1</sup>	STATUS <sup>1</sup>
PATKE FARM DAIRY	WASHINGTON	MO	S Illinois - E Missouri	1	3B
PEVELY DAIRY CO.	ST LOUIS	MO	S Illinois - E Missouri	1	1
PRAIRIE FARM DAIRIES, INC.	CARLINVILLE	IL	S Illinois - E Missouri	1	1
PRAIRIE FARMS DAIRY, INC.	GRANITE CITY	IL	S Illinois - E Missouri	1	1
PRAIRIE FARMS DAIRY, INC.	OLNEY	IL	S Illinois - E Missouri	1	1
PRAIRIE FARMS DAIRY, INC.	PEORIA	IL	Central Illinois	1	1
PRAIRIE FARMS DAIRY	QUINCY	IL	S Illinois - E Missouri	1	1
*ROBERTS DAIRY CO.	KANSAS CITY	MO	Greater Kansas City	1	1
ROBINSON DAIRY, INC.	DENVER	CO	Eastern Colorado	1	1
ROYAL CREST DAIRY, INC.	DENVER	CO	Eastern Colorado	1	1
SAFEWAY STORES, INC., MK PLNT	DENVER	CO	Eastern Colorado	1	1
SHOENBERG FARMS, INC.	ARVADA	CO	Eastern Colorado	1	1
SINTON DAIRY FOODS CO., LLC	COLORADO SPRINGS	CO	Eastern Colorado	1	1
SWAN BROS. DAIRY, INC.	CLAREMORE	OK	Southwest Plains	4	4
WESTERN DAIRYMEN COOP, INC.	RIVERTON	WY	Eastern Colorado	2	2
WILD'S BROTHER'S DAIRY	EL RENO	OK	Southwest Plains	4	4

<sup>1</sup>DISTRIBUTING PLANT STATUS:

1: POOL

2: PARTIALLY REGULATED

3: EXEMPT

A: AS DEFINED UNDER CURRENT FEDERAL ORDERS

B: WITH ROUTE DISPOSITION LESS THAN 150,000 LBS. PER MONTH  
(AS SUGGESTED IN IDENTICAL PROVISIONS REPORT)

4: PRODUCER-HANDLER

5: UNREGULATED

6: GOVERNMENT AGENCY

\*Indicates plants with changes in status, federal order, name/ownership or are out of business. (See below)

## IDENTIFIED RECENT MARKET DEVELOPMENTS—CENTRAL

(as of February 1997 pool; information not included in analysis)

### Status Changes:

*Dairy Gold Foods Co.*

Cheyenne, WY

Became a Pool plant

Dec. 95

*Gillette Dairy of Black Hills*

Rapid City, SD

Became partially regulated

Oct. 96

*W.H. Braum, Inc.*

Tuttle, OK

Became fully regulated

Apr. 96

### Name and Ownership Change:

*Meadow Gold Dairies, Inc. to Modern Dairy of Champaign, Inc.*

Champaign, IL

Nov. 95

*Roberts Dairy Co. to Fairmont-Zarda Dairy, Division of*

*Roberts Dairy Co.*

Kansas City, MO

Unk.

Out of Business

*College of the Ozarks*

Point Lookout, MO

Jan. 96

*Meadow Gold Dairies, Inc. (Modern Dairy of Champaign, Inc.)*

Tulsa, OK

Oct. 96

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**CENTRAL MARKETING AREA - 388 counties and 1 city**

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**Arkansas - 11 counties (All currently in F.O. 106)**

Counties of Benton, Boone, Carroll, Crawford, Franklin, Logan, Madison, Marion, Scott, Sebastian, Washington.

**Colorado - 33 counties (30 currently in F.O. 137; 3 currently unregulated)**

Counties of Adams, Arapahoe, *Baca*, *Bent*, Boulder, Cheyenne, Clear Creek, Crowley, Custer, Denver, Douglas, Elbert, El Paso, Gilpin, Huerfano, Jefferson, Kiowa, Kit Carson, Larimer, Las Animas, Lincoln, Logan, Morgan, Otero, Park, Phillips, *Prowers*, Pueblo, Sedgwick, Teller, Washington, Weld, Yuma.

**Illinois - 76 counties (49 currently in F.O. 32; [19 currently in F.O. 50]; 8 currently unregulated)**

Counties of *Alexander*, Bond, [Bureau], Calhoun, [Cass], Champaign, Christian, Clark, Clay, Clinton, Coles, Crawford, Cumberland, DeWitt, Douglas, Edgar, Edwards, Effingham, Fayette, [Ford], Franklin, [Fulton], *Gallatin*, Greene, [Grundy], Hamilton, *Hardin*, [Iroquois], Jackson, Jasper, Jefferson, Jersey, *Johnson*, [Kankakee], [Knox], [La Salle], Lawrence, [Livingston], Logan, Macon, Macoupin, Madison, Marion, [Marshall], [Mason], *Massac*, [McDonough], McLean, Menard, Monroe, Montgomery, Morgan, Moultrie, [Peoria], Perry, Piatt, *Pope*, *Pulaski*, [Putnam], Randolph, Richland, St. Clair, Saline, Sangamon, Shelby, [Stark], [Tazewell], *Union*, Vermilion, Wabash, [Warren], Washington, Wayne, White, Williamson, [Woodford].

**Kansas - 105 counties (26 currently in F.O. 64; 52 currently in F.O. 106; [4 currently in F.O. 137]; 23 currently unregulated)**

[All counties]

Counties of Allen, *Anderson*, Atchison, Barber, Barton, Bourbon, Brown, Butler, *Chase*, Chautauqua, Cherokee, [Cheyenne], Clark, Clay, Cloud, *Coffey*, Comanche, Cowley, Crawford, *Decatur*, Dickinson, Doniphan, Douglas, Edwards, *Elk*, Ellis, *Ellsworth*, Finney, Ford, *Franklin*, Geary, Gove, *Graham*, Grant, Gray, Greeley, *Greenwood*, Hamilton, Harper, Harvey, Haskell, Hodgeman, Jackson, Jefferson, *Jewell*, Johnson, Kearny, Kingman, Kiowa, Labette, Lane, Leavenworth, *Lincoln*, *Linn*, [Logan], Lyon, Marion, Marshall, McPherson, Meade, Miami, *Mitchell*, Montgomery, Morris, Morton, Nemaha, Neosho, Ness, *Norton*, *Osage*, *Osborne*, Ottawa, Pawnee, *Phillips*, Pottawatomie, Pratt, *Rawlins*, Reno, Republic, Rice, Riley, *Rooks*, Rush, Russell, Saline, Scott, Sedgwick, Seward, Shawnee, *Sheridan*, [Sherman], *Smith*, Stafford, Stanton, Stevens, Sumner, *Thomas*, Trego, Wabaunsee, [Wallace], Washington, Wichita, Wilson, *Woodson*, Wyandotte.

**Missouri - 71 counties and 1 city ([12 counties and 1 city currently in F.O. 32]; 20 currently in F.O. 64; 23 currently in F.O. 106; 16 currently unregulated)**

Counties of Andrew, Atchison, Barry, Barton, Bates, [Bollinger], Buchanan, Butler, [Cape Girardeau], Carter, Cass, Cedar, Christian, Clay, Clinton, [Crawford], Dade, Dallas, Daviess, De Kalb, Dent, Douglas, Dunklin, [Franklin], Gentry, Greene, Henry, Holt, Howell, Iron, Jackson, Jasper, [Jefferson], Johnson, Laclede, Lafayette, Lawrence, Madison, McDonald, Mississippi, New Madrid, Newton, Nodaway, Oregon, Ozark, Pemiscot, [Perry], Pettis, Platte, Polk, Pulaski (Fort Leonard Wood Military Reservation, only), Reynolds, Ripley, [St. Charles], St. Clair, [St. Francois], [St. Louis (City)], [St. Louis], [St. Genevieve], Scott, Shannon, Stoddard, Stone, Taney, Texas, Vernon, [Warren], [Washington], Wayne, Webster, Worth, Wright.

**Nebraska - 15 counties (10 currently in F.O. 65, 5 currently unregulated)**

Counties of Chase, Custer, Dawson, Dundy, Frontier, Furnas, Gosper, Harlan, Hayes, Hitchcock, Keith, Lincoln, Perkins, Phelps, Red Willow.

**Oklahoma - 77 counties (All currently in F.O. 106)**

All counties.

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## **SUGGESTED SOUTHWEST MARKETING AREA MAPS**

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## DATA FOR SOUTHWEST MARKETING AREA

Consolidated Market: Southwest

Current Markets: Texas, F.O. 126  
New Mexico-West Texas, F.O. 138  
Plus: 49 unregulated counties in Texas

TABLE 1. STATUS OF DISTRIBUTING PLANTS <sup>1, 2</sup> OCTOBER 1995										
Federal Order	Number of Fully Regulated Plants		Number of Partially Regulated Plants		Number of Exempt Plants		Number of Producer Handlers		Number of Government Agency Plants	
	Initial Report	Revised Report	Initial Report	Revised Report	Initial Report <sup>3</sup>	Revised Report <sup>4</sup>	Initial Report	Revised Report	Initial Report	Revised Report
F.O. 126	17	17	0	0	0	3B: 0	2	2	0	0
F.O. 138	9	9	0	0	3	3B: 3	5	5	0	0
<b>SOUTHWEST</b>	<b>31<sup>5</sup></b>	<b>26</b>	<b>1<sup>6</sup></b>	<b>1<sup>6</sup></b>	<b>3</b>	<b>3B: 3</b>	<b>10<sup>7</sup></b>	<b>7</b>	<b>0</b>	<b>0</b>

<sup>1</sup> Based on status of distributing plant under initial suggested consolidated order and initial pool distributing plant standard of 30 percent of receipts as Class I disposition and 15 percent of receipts as Class I disposition inside the initial suggested marketing area.

<sup>2</sup> Based on status of distributing plant under revised suggested consolidated order and Identical Provisions report pool distributing plant standard of 25 percent of receipts as Class I disposition and 15 percent of total route disposition inside the revised suggested marketing area.

<sup>3</sup> Exempt as defined under current Federal orders.

<sup>4</sup> 3B: Exempt with route disposition less than 150,000 lbs. per month (as suggested in Identical Provisions report).

<sup>5</sup> Initial report included F.O. 131 marketing area (and 5 fully regulated F.O. 131 plants) in the suggested Southwest market; revised report includes F.O. 131 in the suggested Arizona-Las Vegas market.

<sup>6</sup> Includes one partially regulated plant from F.O. 30.

<sup>7</sup> Initial report included 3 F.O. 131 producer handlers.

TABLE 2. MARKET INFORMATION BASED ON OCTOBER 1995 POOL DATA						
Federal Order	Total Producer Milk (1000 lbs.)		Class I Utilization Percentage		Weighted Average Utilization Value <sup>3</sup>	
	Initial Report <sup>1</sup>	Revised Report <sup>2</sup>	Initial Report	Revised Report	Initial Report	Revised Report
F.O. 126	537,739	537,739 <sup>5</sup>	49.78%	49.78%	\$13.49	\$14.89
F.O. 138	142,493	142,493	41.93%	41.93%	\$13.00	\$13.02
<b>SOUTHWEST<sup>4</sup></b>	<b>861,307</b>	<b>680,232</b>	<b>48.30%</b>	<b>48.14%</b>	<b>\$13.36</b>	<b>\$13.39</b>

<sup>1</sup> Producer deliveries of milk to handlers regulated under Federal orders, October 1995 (Table 6, *Federal Milk Order Market Statistics for September and October 1995*, FMOS-410, Agricultural Marketing Service, USDA).

<sup>2</sup> Initial report producer deliveries, adjusted to include only those handlers who would be fully regulated (i.e. Status = 1) in the revised suggested marketing area.

<sup>3</sup> **Not a blend price** -- shown solely for the purpose of showing impact of consolidation on utilization.

<sup>4</sup> Initial report includes market information for F.O. 131: 181,075,000 pounds producer milk, 48.89% Class I Utilization Percentage, \$13.26 Weighted Average Utilization Value

<sup>5</sup> Includes one F.O. 30-regulated plant which would be partially regulated under revised suggested Southwest market.

## SUMMARY OF COMMENTS AND RESPONSES

The Southwest marketing area suggested in the Preliminary Report has been revised to include Texas (Order 126), New Mexico-West Texas (Order 138), and 49 unregulated counties in Texas, including two northeast counties which were suggested to be included in the initial Southeast marketing area. The Central Arizona (Order 131) marketing area included in the initially-suggested Southwest marketing area has been removed.

Several options within the southwestern U.S. region were suggested prior to the release of the initial Preliminary Report. Comments have been received from cooperatives, proprietary handlers, state governments, producers and a producer-handler.

Several comments suggested combining Orders 106 and 126, with others adding Order 138. Parties cited overlap in procurement and sales between New Mexico, Texas, and Oklahoma. Several comments proposed or supported a “Great Southwest” marketing area to be comprised of Orders 131, 134, 137, 138, 126, 106, and unregulated areas around Cheyenne, Wyoming; Arizona; Colorado; and Texas. A 1995 petition to the Department to merge Orders 126 and 138 had contended the existence of overlap between Orders 106, 126, and 138. However, comments contended that this expanded proposed area would recognize (1) overlap in packaged fluid milk disposition; (2) overlapping supply and balancing operations, and (3) that the majority of the producer milk associated with the combined markets is represented by the four proponent cooperatives. Smaller “versions” of this combination were suggested without substantial reasoning provided.

The degree of route disposition and procurement overlap between Order 106 and Order 126 is considerably less than proponents of the consolidation apparently believe, and does not support Order 106's inclusion in the suggested Southwest market.

Order 126 pooled 4.3 million pounds of Oklahoma milk in January (1995), which represents less than one percent of total producer milk pooled in Order 126 during this month. Order 106 pooled 3.5 million pounds of Texas milk in January (1995), or 1.2 percent of Order 106's total pooled milk.

Order 106 handlers have roughly 5 million pounds of route disposition into Order 126 while Order 126 handlers have slightly over a half million pounds of route disposition into Order 106; these volumes represent only a small portion of both market's route disposition. Order 106 has greater overlap and association with markets to the north and northeast than with markets to the south. Order 32 handlers have over ten times the route disposition into Order 106 than do Order 126 handlers. Almost 90 percent of Order 106's producer milk was produced within the market or to the north of Order 106, while only 10 percent came from Texas and New Mexico.

Another comment proposed a broadly defined market to include area from the Rocky Mountains to the eastern part of the Sierra Nevada and San Bernardino mountain ranges, which would encompass western Colorado and New Mexico, Utah, Nevada, Arizona, and

southeastern California -- an area sharing economic and geographic resemblance. This proposed area received opposition and arguments claiming that the California area had to remain separate pursuant to the 1996 Farm Bill's provisions, unregulated territory was included without evidentiary need provided for regulation or support from local concerns, and claims that handlers would go out of business under this combination.

One comment prior to and several comments received in response to the initial Preliminary Report suggested that eastern Texas and Louisiana share more similarities than eastern Texas shares with western Texas, New Mexico, and Arizona. Several comments suggested using the Interstate 35 corridor (which extends from north of Dallas southward to Austin and San Antonio) as a marketing boundary. The comments claimed that East Texas and Louisiana share similar climates, herd size, building type, distance to market, and pasture-based feeding; thus, according to the comments, East Texas should be considered part of the Southeast marketing area. At the same time, the comments stated, the nature of these production factors in the Texas area west of Interstate 35 differs from the eastern part of the State, being more closely related to production factors in the rest of the Southwest.

In January 1997, Louisiana milk pooled in Order 126 accounted for less than one tenth of one percent of the total milk pooled in Order 126. Order 7 pooled 46 million pounds, or approximately 10 percent of total milk pooled in Order 7, of Texas milk for this same month. Two handlers were the recipients of over half of the Texas milk, but these two handlers account for less than half of the total route disposition by Order 7 handlers into Order 126. Both Orders 7 and 126 had approximately three percent of their total route disposition into the other market. This limited association does not support including east Texas in the Southeast marketing area, or Louisiana in the suggested Southwest marketing area. In addition, use of an Interstate highway, from which milk can be distributed on both sides with equal ease, as a marketing area boundary, clearly has some serious drawbacks.

Another comment suggested that the "panhandle" area of Oklahoma as well as western Kansas should be included with the Southwest order (less east Texas) since dairy farms in the resulting marketing area are managed with the "mega-dairy" concept. The nature of dairy farming practices has not been considered a primary criteria in consolidating marketing areas, and ignores those criteria that most clearly define marketing areas.

Central Arizona is removed from the suggested Southwest market in this revised report. Comments and updated market information indicate that Order 131 and the Las Vegas, Nevada, area have greater association than Order 131 appears to have with Orders 126 and 138. (As noted in the initial report, the association of the Order 131 area with the areas of Orders 126 and 138 is very slight). Growing population in the northwest part of Arizona apparently has contributed to a link between Las Vegas and Phoenix, Arizona. The addition of a marketing area to the initial report is discussed at greater length in the Arizona-Las Vegas marketing area section of this revised report.

Two unregulated counties in northeast Texas, Bowie and Cass, that had been initially suggested for inclusion in the Southeast market now are included in the revised suggested

Southwest market. Updated handler information and a change in handler route disposition indicates that these two counties should be included in this revised Southwest market.

Forty-seven currently-unregulated southwest Texas counties also are suggested to be added to the revised suggested Southwest marketing area. Expansion into these counties was requested in the reform comments. No changes in handler regulatory status would occur with this expansion, and administrative efficiencies would result.

Using October 1995 information and under the standards used for this revised report, this suggested Southwest market would be comprised of 26 pool plants, 1 partially regulated handler, 3 exempt plants, 7 producer-handlers, and no government agency plants. Five fully regulated handlers and 3 producer-handlers would be removed from the initially-suggested consolidated Southwest market with the Central Arizona area. A Texas handler that had been fully regulated under F.O. 30 would become partially regulated under the revised suggested Southwest order.

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**LIST OF PLANTS AND REGULATORY STATUS  
BASED ON OCTOBER 1995**

PLANT NAME	CITY	ST	OCTOBER 1995		SOUTHWEST
			FEDERAL ORDER	STATUS <sup>1</sup>	
BELL DAIRY PRODUCTS, INC.	LUBBOCK	TX	New Mex - W Texas	1	1
*BORDEN, INC.	CORPUS CHRISTI	TX	Texas	1	1
BORDEN, INC.	EL PASO	TX	New Mex - W Texas	1	1
BORDEN, INC.	DALLAS	TX	Texas	1	1
BORDEN, INC.	ALBUQUERQUE	NM	New Mex - W Texas	1	1
*BORDEN, INC.	LUBBOCK	TX	New Mex - W Texas	1	1
BORDEN, INC.	CONROE	TX	Texas	1	1
CREAMLAND DAIRIES	ALBUQUERQUE	NM	New Mex - W Texas	1	1
DAVID'S SUPERMARKETS, INC.	GRANDVIEW	TX	Texas	1	1
*DEAN DAIRY PRODUCTS	CLOVIS	NM	New Mex - W Texas	1	1
FARMERS DAIRIES	EL PASO	TX	New Mex - W Texas	1	1
HOBBS DRIVE IN DAIRY	HOBBS	NM	New Mex - W Texas	3A	3B
HYGEIA DAIRY	CORPUS CHRISTI	TX	Texas	1	1
H. E. BUTT GROCERY CO.	HOUSTON	TX	Texas	1	1
H. E. BUTT GROCERY CO.	SAN ANTONIO	TX	Texas	1	1
*JERSEYLAND	DECATUR	TX	Texas	4	4
LAND O' PINES	LUFKIN	TX	Texas	1	1
LANE'S DAIRY	EL PASO	TX	New Mex - W Texas	4	4
LILLY DAIRY PRODUCTS, INC.	BYRAN	TX	Texas	1	1
LOS LUNAS PRISON DAIRY	ALBUQUERQUE	NM	New Mex - W Texas	3A	3B

PLANT NAME	CITY	ST	OCTOBER 1995		SOUTHWEST
			FEDERAL ORDER	STATUS <sup>1</sup>	
MICKEY'S DRIVE IN DAIRY	ALBUQUERQUE	NM	New Mex - W Texas	4	4
*MORNINGSTAR SPECIALTY	SULPHUR SPRINGS	TX	Chicago Regional	1	2
MOUNTAIN GOLD DAIRY	CARRIZOZO	NM	New Mex - W Texas	3A	3B
NATURE'S DAIRY, INC.	ROSWELL	NM	New Mex - W Texas	4	4
OAK FARMS DAIRIES	HOUSTON	TX	Texas	1	1
OAK FARMS DAIRIES	SAN ANTONIO	TX	Texas	1	1
OAK FARMS DAIRIES	DALLAS	TX	Texas	1	1
PLAINS CREAMERY	AMARILLO	TX	New Mex - W Texas	1	1
PRICES CREAMERY, INC.	EL PASO	TX	New Mex - W Texas	1	1
*PURE MILK CO.	WACO	TX	Texas	4	4
RANCHO LAS LAGUNAS	SANTA FE	NM	New Mex - W Texas	4	4
RASBAND DAIRY	ALBUQUERQUE	NM	New Mex - W Texas	4	4
SCHEPPS DAIRY, INC.	DALLAS	TX	Texas	1	1
SOUTHWEST DAIRY	TYLER	TX	Texas	1	1
SUPERBRAND DAIRY PRODS,	FT WORTH	TX	Texas	1	1
*SUPERIOR DAIRIES	AUSTIN	TX	Texas	1	1
VANDERVOORTS DAIRY	FT WORTH	TX	Texas	1	1

<sup>1</sup>DISTRIBUTING PLANT STATUS:

- 1: POOL
- 2: PARTIALLY REGULATED
- 3: EXEMPT
  - A: AS DEFINED UNDER CURRENT FEDERAL ORDERS
  - B: WITH ROUTE DISPOSITION LESS THAN 150,000 LBS. PER MONTH  
(AS SUGGESTED IN IDENTICAL PROVISIONS REPORT)
- 4: PRODUCER-HANDLER
- 5: UNREGULATED
- 6: GOVERNMENT AGENCY

\*Indicates plants with changes in status, federal order, name/ownership or are out of business. (See below)

## IDENTIFIED RECENT MARKET DEVELOPMENTS

(as of February 1997 pool; information not included in analysis)

### Status Changes:

*Midwest Mix Co.* Sulphur Springs, TX  
 Became Partially Regulated Handler

*Morningstar Speciality Foods, Inc.* Sulphur Springs, TX  
 From F.O. 30 to F.O. 126. Would not have met assumed  
 consolidation pooling standards.  
 Became fully regulated under F.O. 30 from Partially  
 regulated under F.O. 126  
 Became partially regulated under F.O. 30

*Oak Farms Dairy* Waco, TX  
*(formerly Pure Milk Co.)*

### Effective:

Aug. 96

Aug. 96

Oct. 96

Nov. 96

From Producer Handler to Fully Regulated	Feb. 96
<i>Promised Land Dairy</i> Floresville, TX	
New - Fully Regulated Handler	Mar. 96
<u>Changes in Regulating Order:</u>	
<i>Morningstar Specialty Foods</i> Sulphur Springs, TX	
From FO 30 to FO 126	Aug. 96
From FO 126 to FO 30	Oct. 96
<u>Name Changes:</u>	
<i>Pure Milk Co. to Oak Farms Dairy</i>	
Waco, TX	April 96
<i>Superior Dairies to Borden, Inc.</i>	
Austin, TX	Unk.
<u>Out of Business:</u>	
<i>Borden, Inc.</i> Corpus Christi, TX	Jun. 96
<i>Borden, Inc.</i> Lubbock, TX	July 96
<i>Dean Dairy Products</i> Clovis, TX	Dec. 95
<i>Jerseyland</i> Decatur, TX	Dec. 95

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## **SOUTHWEST MARKETING AREA - 290 counties**

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### **Colorado - 3 counties (All currently in F.O. 138)**

Counties of Archuleta, LaPlata, Montezuma.

### **New Mexico - 33 counties (All currently in F.O. 138)**

All counties.

### **Texas - 254 counties (162 currently in F.O. 126, 43 currently in F.O. 138; 49 currently unregulated)**

[All counties]

Counties of Anderson, Andrews, Angelina, Aransas, Archer, Armstrong, Atascosa, Austin, Bailey, Bandera, Bastrop, Baylor, Bee, Bell, Bexar, Blanco, Borden, Bosque, Bowie, Brazoria, Brazos, Brewster, Briscoe, Brooks, Brown, Burleson, Burnet, Caldwell, Calhoun, Callahan, Cameron, Camp, Carson, Cass, Castro, Chambers, Cherokee, Childress, Clay, Cochran, Coke, Coleman, Collin, Collingsworth, Colorado, Comal, Comanche, Concho, Cooke, Coryell, Cottle, Crane, Crockett, Crosby, Culberson, Dallam, Dallas, Dawson, De Witt, Deaf Smith, Delta, Denton, Dickens, Dimmit, Donley, Duval, Eastland, Ector, Edwards, El Paso, Ellis, Erath, Falls, Fannin, Fayette, Fisher, Floyd, Foard, Fort Bend, Franklin, Freestone, Frio, Gaines, Galveston, Garza, Gillespie, Glasscock, Goliad, Gonzales, Gray, Grayson, Gregg, Grimes, Guadalupe, Hale, Hall, Hamilton, Hansford, Hardeman, Hardin, Harris, Harrison, Hartley, Haskell, Hays, Hemphill, Henderson, Hildago, Hill, Hockley, Hood, Hopkins, Houston, Howard, Hudspeth, Hunt, Hutchinson, Irion, Jack, Jackson, Jasper, Jeff Davis, Jefferson, Jim Hogg, Jim Wells, Johnson, Jones, Karnes, Kaufman, Kendall, Kenedy, Kent, Kerr, Kimble, King, Kinney, Kleberg, Knox, Lamar, Lamb, Lampasas, La Salle, Lavaca, Lee, Leon, Liberty, Limestone, Lipscomb, Live Oak, Llano, Loving, Lubbock, Lynn, Madison, Marion, Martin, Mason, Matagorda, Maverick, McCulloch, McLennan, McMullen, Medina, Menard, Midland, Milam, Mills, Mitchell, Montague, Montgomery, Moore, Morris, Motley, Nacogdoches, Navarro, Newton, Nolan, Nueces, Ochiltree, Oldham, Orange, Palo

Pinto, Panola, Parker, Parmer, *Pecos*, Polk, Potter, *Presidio*, Rains, Randall, *Reagan*, *Real*, Red River, *Reeves*, Refugio, Roberts, Robertson, Rockwall, Runnels, Rusk, Sabine, San Augustine, San Jacinto, San Patricio, *San Saba*, *Schleicher*, Scurry, Shackelford, Shelby, Sherman, Smith, Somervell, *Starr*, Stephens, Sterling, Stonewall, *Sutton*, Swisher, Tarrant, Taylor, *Terrell*, Terry, Throckmorton, Titus, Tom Green, Travis, Trinity, Tyler, Upshur, *Upton*, *Uvalde*, *Val Verde*, Van Zandt, Victoria, Walker, Waller, *Ward*, Washington, *Webb*, Wharton, Wheeler, Wichita, Wilbarger, Willacy, Williamson, Wilson, *Winkler*, Wise, Wood, Yoakum, Young, *Zapata*, *Zavala*.

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## **SUGGESTED ARIZONA-LAS VEGAS MARKETING AREA MAPS**

This version of the report is text only. Click **SUGGESTED ARIZONA-LAS VEGAS MARKETING AREA MAPS** to view/print this graphic.

## SUGGESTED ARIZONA-LAS VEGAS MARKETING AREA

Consolidated Market: Arizona-Las Vegas

Current Markets: Central Arizona, F.O. 131  
 Plus: 1 county from Great Basin, F.O. 139  
 8 unregulated counties in Arizona

TABLE 1. STATUS OF DISTRIBUTING PLANTS <sup>1, 2</sup> OCTOBER 1995										
Federal Order	Number of Fully Regulated Plants		Number of Partially Regulated Plants		Number of Exempt Plants		Number of Producer Handlers		Number of Government Agency Plants	
	Initial Report	Revised Report	Initial Report	Revised Report	Initial Report <sup>3</sup>	Revised Report <sup>4</sup>	Initial Report	Revised Report	Initial Report	Revised Report
<b>F.O. 131</b>	N/A	5	N/A	0	N/A	3B: 0	N/A	3	N/A	0
<b>ARIZONA-LAS VEGAS<sup>5, 6</sup></b>	N/A	7 <sup>7</sup>	N/A	0	N/A	3B: 1	N/A	3	N/A	0

<sup>1</sup> Based on status of distributing plant under initial suggested consolidated order and initial pool distributing plant standard of 30 percent of receipts as Class I disposition and 15 percent of receipts as Class I disposition inside the initial suggested marketing area.

<sup>2</sup> Based on status of distributing plant under revised suggested consolidated order and Identical Provisions report pool distributing plant standard of 25 percent of receipts as Class I disposition and 15 percent of total route disposition inside the revised suggested marketing area.

<sup>3</sup> Exempt as defined under current Federal orders.

<sup>4</sup> 3B: Exempt with route disposition less than 150,000 lbs. per month (as suggested in Identical Provisions report).

<sup>5</sup> A consolidated Arizona-Las Vegas market was not suggested in the initial report. F.O. 131 was included in the initially-suggested Southwest market.

<sup>6</sup> Revised report includes 2 currently non-Federally regulated plants: one fully regulated distributing plant and one exempt (3B) distributing plant in the suggested Arizona-Las Vegas marketing area.

<sup>7</sup> Includes one F.O. 139 plant and one currently unregulated plant which would be fully regulated in the suggested Arizona-Las Vegas marketing area.

TABLE 2. MARKET INFORMATION BASED ON OCTOBER 1995 POOL DATA						
Federal Order	Total Producer Milk (1000 lbs.)		Class I Utilization Percentage		Weighted Average Utilization Value <sup>3</sup>	
	Initial Report <sup>1</sup>	Revised Report <sup>2</sup>	Initial Report	Revised Report	Initial Report	Revised Report
<b>F.O. 131</b>	N/A	181,075	N/A	48.89%	N/A	\$13.26
<b>ARIZONA-LAS VEGAS<sup>4</sup></b>	N/A	181,075 <sup>5</sup>	N/A	48.89%	N/A	\$13.26

<sup>1</sup> Producer deliveries of milk to handlers regulated under Federal orders, October 1995 (Table 6, *Federal Milk Order Market Statistics for September and October 1995*, FMOS-410, Agricultural Marketing Service, USDA).

<sup>2</sup> Initial report producer deliveries, adjusted to include only those handlers who would be fully regulated (i.e. Status = 1) in the revised suggested marketing area.

<sup>3</sup> **Not a blend price** -- shown solely for the purpose of showing impact of consolidation on utilization.

<sup>4</sup> A consolidated Arizona-Las Vegas market was not suggested in the initial report. F.O. 131 was included in the initially-suggested Southwest market. Market information for F.O. 131 in both the initial and revised reports is the same.

<sup>5</sup> Excludes producer milk from a fully regulated F.O. 139 plant and a currently unregulated plant which would be fully regulated in the suggested Arizona-Las Vegas market.

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## SUMMARY OF COMMENTS AND RESPONSES

The Arizona-Las Vegas market has been added since the release of the initial Preliminary Report. This suggested market would be comprised of the state of Arizona and Clark County in Nevada. The Central Arizona (Order 131) marketing area was included with the initially-suggested Southwest marketing area in the initial Preliminary Report.

Comments received from a cooperative and a proprietary handler after the initial Preliminary Report's release would expand Order 131 into the unregulated area of Arizona and southern Nevada to include Las Vegas, and separate this area from the Order 139 area. Comments stated that this area recognizes common procurement areas and population growth inside and outside the current marketing area. Combining Las Vegas with Utah and Idaho, it was contended, would create competitive inequities for the single Las Vegas-area regulated handler.

Area demographics reflect the growth that is taking place in the Phoenix-Las Vegas corridor: the two counties that separate these metropolitan areas are the fastest growing counties in Arizona, and a new airport and gaming facilities are stimulating the rapid population growth of this area. With this growth in population, the milk distribution and procurement relationship between Phoenix and Las Vegas has grown.

As the population has expanded, data indicates that Order 131 handlers have supplied more packaged milk products in Las Vegas and into unregulated counties in Arizona. Currently two of the four handlers in Phoenix have route disposition into Las Vegas. Several California plants have route disposition into both Las Vegas and Phoenix. These California plants' packaged fluid milk sales range between 10 and 15 million pounds per month, with approximately half of these sales into the unregulated area of Arizona. This sales volume puts the California plants in direct competition with Arizona handlers and the only handler located in Las Vegas.

Producer milk for the suggested market is procured from Arizona, Clark county in Nevada, and southern California. Not only is producer milk received from California, but also moves from Arizona and Clark County, Nevada, into southern California.

The growing population overlap between Las Vegas and Phoenix, along with the competition for package sales and producer milk, indicates a justifiable need to consolidate Clark County, Nevada, and the unregulated portion of Arizona with Order 131. No additional handlers are affected with the expansion of this marketing area.

Using October 1995 information and under the standards used for this revised report, this suggested Arizona-Las Vegas market would be comprised of all 5 of the Order 131 fully regulated plants plus a fully regulated plant in Las Vegas, Nevada, currently pooled under the Great Basin order. In addition, a currently-unregulated handler located in the unregulated portion of Arizona that is suggested to be incorporated in this order would become fully regulated. Another distributing plant in the currently-unregulated portion of Arizona would be exempt by virtue of having less than 150,000 pounds of route disposition.

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**LIST OF PLANTS AND REGULATORY STATUS  
BASED ON OCTOBER 1995**

PLANT NAME	CITY	ST	OCTOBER 1995		ARIZ-LAS VEGAS
			FEDERAL ORDER	STATUS <sup>1</sup>	STATUS <sup>1</sup>
ANDERSON DAIRY, INC.	LAS VEGAS	NV	Great Basin	1	1
*ETHINGTON DAIRY	GILBERT	AZ	Central Arizona	4	4
GOLDEN WEST DAIRIES	WELLTON	AZ	Central Arizona	4	4
HEIN & ELLEN HETTINGA	YUMA	AZ	Central Arizona	4	4
JACKSON ICE CREAM CO., INC.	PHOENIX	AZ	Central Arizona	1	1
MEADOWWAYNE DAIRY	COLORADO CITY	AZ		5	1
SAFEWAY STORES, INC.	TEMPE	AZ	Central Arizona	1	1
SHAMROCK FOODS, INC.	PHOENIX	AZ	Central Arizona	1	1
SMITH'S FOOD & DRUG CENTERS, INC.	TOLLESON	AZ	Central Arizona	1	1
SUNRISE DAIRY	TAYLOR	AZ		5	3B
*SUNSTREET DAIRY, INC.	PHOENIX	AZ	Central Arizona	1	1

<sup>1</sup>DISTRIBUTING PLANT STATUS:

1: POOL

2: PARTIALLY REGULATED

3: EXEMPT

A: AS DEFINED UNDER CURRENT FEDERAL ORDERS

B: WITH ROUTE DISPOSITION LESS THAN 150,000 LBS. PER MONTH  
(AS SUGGESTED IN IDENTICAL PROVISIONS REPORT)

4: PRODUCER-HANDLER

5: UNREGULATED

6: GOVERNMENT AGENCY

\*Indicates plants with changes in status, federal order, name/ownership or are out of business. (See below)

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**IDENTIFIED RECENT MARKET DEVELOPMENTS**

(as of February 1997 pool; information not included in analysis)

Out of Business:

*Ethington Dairy*

*Sunstreet Dairy, Inc.*

Gilbert, AZ

Phoenix, AZ

Effective:

Jan. 97

Jun. 96

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**ARIZONA-LAS VEGAS MARKETING AREA - 16 counties**

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**Arizona - 15 counties (6 whole and 1 partial currently in F.O. 131; 8 whole and 1 partial currently unregulated counties)**

[All counties]

Counties of *Apache*, *Cochise*, *Coconino*, *Gila*, *Graham*, *Greenlee*, *La Paz*, *Maricopa*, *Mohave*, *Navajo*, *Pima*, *Pinal*, *Santa Cruz*, *Yavapai*, Yuma.

**Nevada - 1 county (Currently in F.O. 139)**

County of Clark.

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## **SUGGESTED WESTERN MARKETING AREA MAPS**

This version of the report is text only. Click **SUGGESTED WESTERN MARKETING AREA MAPS** to view/print this graphic.

## SUGGESTED WESTERN MARKETING AREA

Consolidated Market: Western

Current Markets: Western Colorado, F.O. 134  
 Eastern Oregon-Southwestern Idaho, F.O. 135  
 Great Basin, F.O. 139, less one county

TABLE 1. STATUS OF DISTRIBUTING PLANTS <sup>1, 2</sup> OCTOBER 1995										
Federal Order	Number of Fully Regulated Plants		Number of Partially Regulated Plants		Number of Exempt Plants		Number of Producer Handlers		Number of Government Agency Plants	
	Initial Report	Revised Report	Initial Report	Revised Report	Initial Report <sup>3</sup>	Revised Report <sup>4</sup>	Initial Report	Revised Report	Initial Report	Revised Report
F.O. 134	2	1	0	0	0	3B: 1	0	0	0	0
F.O. 135	4	3	0	0	0	3B: 1	0	0	0	0
F.O. 139	8	7	2	1	4	3B: 4	10	10	0	0
<b>WESTERN</b>	<b>14</b>	<b>11<sup>5</sup></b>	<b>2</b>	<b>1<sup>5</sup></b>	<b>4</b>	<b>3B: 6</b>	<b>10</b>	<b>10</b>	<b>0</b>	<b>0</b>

<sup>1</sup> Based on status of distributing plant under initial suggested consolidated order and initial pool distributing plant standard of 30 percent of receipts as Class I disposition and 15 percent of receipts as Class I disposition inside the initial suggested marketing area.

<sup>2</sup> Based on status of distributing plant under revised suggested consolidated order and Identical Provisions report pool distributing plant standard of 25 percent of receipts as Class I disposition and 15 percent of total route disposition inside the revised suggested marketing area.

<sup>3</sup> Exempt as defined under current Federal orders.

<sup>4</sup> 3B: Exempt with route disposition less than 150,000 lbs. per month (as suggested in Identical Provisions report).

<sup>5</sup> One plant in F.O. 134 and 1 plant in F.O. 135 would become exempt (3B); one fully regulated plant in F.O. 139 (on initial report) should have been unregulated; 1 partially regulated plant in F.O. 139 would become fully regulated; and 1 fully regulated plant in F.O. 139 would become fully regulated in the suggested Arizona-Las Vegas market.

TABLE 2. MARKET INFORMATION BASED ON OCTOBER 1995 POOL DATA						
Federal Order	Total Producer Milk (1000 lbs.)		Class I Utilization Percentage		Weighted Average Utilization Value <sup>3</sup>	
	Initial Report <sup>1</sup>	Revised Report <sup>2</sup>	Initial Report	Revised Report	Initial Report	Revised Report
F.O. 134	8,552	8,552 <sup>4</sup>	N/A	N/A	\$13.40	\$13.40
F.O. 135	84,698	84,698 <sup>4</sup>	17.94%	17.94%	\$12.63	\$12.63
F.O. 139	211,543	211,543 <sup>5</sup>	34.83%	34.83%	\$12.83	\$12.83
<b>WESTERN</b>	<b>304,793</b>	<b>293,714<sup>6</sup></b>	<b>31.70%</b>	<b>29.63%</b>	<b>\$12.79</b>	<b>\$12.78</b>

<sup>1</sup> Producer deliveries of milk to handlers regulated under Federal orders, October 1995 (Table 6, *Federal Milk Order Market Statistics for September and October 1995*, FMOS-410, Agricultural Marketing Service, USDA).

<sup>2</sup> Initial report producer deliveries, adjusted to include only those handlers who would be fully regulated (i.e. Status = 1) in the revised suggested marketing area.

<sup>3</sup> **Not a blend price** -- shown solely for the purpose of showing impact of consolidation on utilization.

<sup>4</sup> Includes producer milk for one fully regulated plant which would be exempt (3B) in revised Western market.

<sup>5</sup> Includes producer milk for one fully regulated plant which would be fully regulated in the suggested Arizona-Las Vegas market.

<sup>6</sup> Excludes producer milk for three plants included in individual markets (Footnotes 4 and 5).

## SUMMARY OF COMMENTS AND RESPONSES

The Western marketing area remains as was suggested in the initial Preliminary Report, with the exception of moving one Nevada county, currently in Order 139, to the new Arizona-Las Vegas marketing area. The Western Colorado (Order 134), Eastern Oregon-Southwestern Idaho (Order 135), and Great Basin (Order 139) marketing areas comprise this suggested Western marketing area.

Comments from cooperatives, proprietary handlers, state government, and a state farm bureau regarding the suggested Western marketing area were received prior to and after release of the initial Preliminary Report.

A few suggestions for potential combinations were received prior to the Report's release: combine Orders 131, 137, and 139; Orders 134, 137, and 139; and Orders 134 and 139. Although specific reasons generally were not provided, mention was made of a common cooperative association in Orders 134, 137, and 139; transfers between markets; and similar costs of production.

However, several comments requested that particular actions not be taken. One would not combine Order 131 and southern Nevada with Order 139 if Order 139 was combined with Orders 124 and 135. For justification, this comment stated that the Las Vegas, Nevada, market does not share an association with the markets to the northwest. Also, a request was made to not expand the current marketing area into northern Nevada, as no requests by area producers have been made to do so.

A comment made in response to the suggested Western marketing area noted that this combination would result in lowering producer prices in the current Order 134 and Order 139 markets, described as primarily fluid markets -- but increasing producer prices for Order 135, a predominantly manufacturing market. This comment stated that pricing surface, zone pricing or producer location differentials could be used to compensate producers serving the Class I market, and that pooling requirements between the three markets would need to be reconciled. (It is difficult to characterize the Order 139 market, which accounts for approximately half of the milk that would be pooled in the suggested Western market with 35 percent Class I use, as “primarily fluid”).

Nevada’s Clark County has been moved from the suggested Western marketing area, as discussed in the suggested Arizona-Las Vegas marketing area section.

Using October 1995 information and under the standards used for this revised report, this suggested Western consolidated market would be reduced by 3 fully regulated distributing plants. Two of the plants that would have been fully regulated under the initial preliminary report would become exempt under this revised report. One plant that was fully regulated in the initial report would become a pool plant under the newly-suggested Arizona - Las Vegas market. One plant that would have been partially regulated under the pooling standards of the initial report (but currently is locked in to regulation under the Great Basin order provisions) would be fully regulated under the pooling standards of this revised report. In addition, a plant in western Nevada that was shown as a fully regulated handler in the initial report should have been reported as unregulated, and is not included in this report.

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**LIST OF PLANTS AND REGULATORY STATUS  
BASED ON OCTOBER 1995**

PLANT NAME	CITY	ST	OCTOBER 1995		WESTERN
			FEDERAL ORDER	STATUS <sup>1</sup>	STATUS <sup>1</sup>
BROWN DAIRY, INC.	COALVILLE	UT	Great Basin	4	4
CHURCH OF JESUS CHRIST OF LATTER-DAY	OGDEN	UT	Great Basin	3A	3B
CHURCH OF JESUS CHRIST OF LATTER-DAY	SALT LAKE CITY	UT	Great Basin	3A	3B
COUNTRY BOY DAIRY	OGDEN	UT	Great Basin	4	4
CREAM O’WEBER DAIRY, INC.	SALT LAKE CITY	UT	Great Basin	1	1
DALE BARKER	MOUNT PLEASANT	UT	Great Basin	4	4
DARIGOLD, INC.	BOISE	ID	SW Idaho - E Oregon	1	1
DESERET MILK PLANT	SALT LAKE CITY	UT	Great Basin	3A	3B
FARM FRESH	SALEM	UT	Great Basin	4	4
GOSSNER FOODS, INC.	LOGAN	UT	Great Basin	1	1
GRAFF DAIRY	GRAND JCT	CO	W Colorado	1	3B
IDEAL DAIRY, INC.	RICHFIELD	UT	Great Basin	4	4
JOHNNY’S DAIRY	SOUTH WEBER	UT	Great Basin	4	4
JONES DAIRY & HEALTH FOODS	TAYLORSVILLE	UT	Great Basin	4	4

PLANT NAME	CITY	ST	OCTOBER 1995		WESTERN
			FEDERAL ORDER	STATUS <sup>1</sup>	STATUS <sup>1</sup>
KDK, INC.	DRAPER	UT	Great Basin	1	1
MEADOW GOLD DAIRIES, INC.	POCATELLO	ID	Great Basin	1	1
MEADOW GOLD DAIRIES, INC.	DELTA	CO	W Colorado	1	1
MEADOW GOLD DAIRIES, INC.	BOISE	ID	SW Idaho - E Oregon	1	1
MEADOW GOLD DAIRIES, INC.	SALT LAKE CITY	UT	Great Basin	1	1
MODEL DAIRY, INC.	RENO	NV		5	5
*REEDER SHADY BROOK DAIRY	BRIGHAM CITY	UT	Great Basin	4	4
REED'S DAIRY, INC.	IDAHO FALLS	ID	Great Basin	4	4
ROSEHILL DAIRY	MORGAN	UT	Great Basin	4	4
SMITH FOOD & DRUG CNTRS, INC.	LAYTON	UT	Great Basin	1	1
SMITH'S DAIRY	BUHL	ID	SW Idaho - E Oregon	1	3B
STOKER WHOLESALE, INC.	BURLEY	ID	SW Idaho - E Oregon	1	1
UTAH STATE UNIVERSITY	LOGAN	UT	Great Basin	3A	3B
*VALLEY DAIRY, INC.	YERINGTON	NV		5	5
WESTERN QUALITY					
FOOD PRODUCTS	CEDAR CITY	UT	Great Basin	2	2
WINDER DAIRY	SALT LAKE CITY	UT	Great Basin	1	1

<sup>1</sup>DISTRIBUTING PLANT STATUS:  
1: POOL  
2: PARTIALLY REGULATED  
3: EXEMPT  
A: AS DEFINED UNDER CURRENT FEDERAL ORDERS  
B: WITH ROUTE DISPOSITION LESS THAN 150,000 LBS. PER MONTH  
(AS SUGGESTED IN IDENTICAL PROVISIONS REPORT)  
4: PRODUCER-HANDLER  
5: UNREGULATED  
6: GOVERNMENT AGENCY

\*Indicates plants with changes in status, federal order, name/ownership or are out of business. (See below)

### IDENTIFIED RECENT MARKET DEVELOPMENTS

(as of February 1997 pool; information not included in analysis)

<u>Status Changes:</u>		<u>Effective:</u>
<i>Valley Dairy, Inc.</i>	Yerington, NV	
From Unregulated to Exempt		Apr. 96
<u>Out of Business:</u>		
<i>Reeder Shady Brook Dairy</i>	Brigham City, UT	Nov. 96

### WESTERN MARKETING AREA - 71 counties

#### Colorado - 4 counties (All currently in F.O. 134)

Counties of Delta, Garfield, Mesa, Montrose.

#### Idaho - 28 counties (18 currently in F.O. 135; 10 currently in F.O. 139)

Counties of Ada, Adams, Bannock, Bear Lake, Bingham, Blaine, Boise, Bonneville, Camas, Canyon, Caribou, Cassia, Elmore, Franklin, Gem, Gooding, Jefferson, Jerome,

Lincoln, *Madison*, Minidoka, *Oneida*, Owyhee, Payette, *Power*, Twin Falls, Valley, Washington.

**Nevada - 3 counties (All currently in F.O. 139)**

Counties of Elko, Lincoln, White Pine.

**Oregon - 5 counties (All currently in F.O. 135)**

Counties of Baker, Grant, Harney, Malheur, Union.

**Utah - 29 counties (All currently in F.O. 139)**

All counties.

**Wyoming - 2 counties (Both currently in F.O. 139)**

Counties of Lincoln, Uinta.

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## **SUGGESTED PACIFIC NORTHWEST MARKETING AREA MAPS**

This version of the report is text only. Click **SUGGESTED PACIFIC NORTHWEST MARKETING AREA MAPS** to view/print this graphic.

## SUGGESTED PACIFIC NORTHWEST MARKETING AREA

Consolidated Market: Pacific Northwest

Current Markets: Pacific Northwest, F.O. 124  
 Plus: 1 unregulated county in Oregon

TABLE 1. STATUS OF DISTRIBUTING PLANTS <sup>1, 2</sup> OCTOBER 1995										
Federal Order	Number of Fully Regulated Plants		Number of Partially Regulated Plants		Number of Exempt Plants		Number of Producer Handlers		Number of Government Agency Plants	
	Initial Report	Revised Report	Initial Report	Revised Report	Initial Report <sup>3</sup>	Revised Report <sup>4</sup>	Initial Report	Revised Report	Initial Report	Revised Report
<b>F.O. 124</b>	23	21	1	1	0	3B: 3	18	18	0	0
<b>PACIFIC NORTHWEST</b>	<b>23</b>	<b>21<sup>5</sup></b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>3B: 3</b>	<b>18</b>	<b>18</b>	<b>0</b>	<b>0</b>

<sup>1</sup> Based on status of distributing plant under initial suggested consolidated order and initial pool distributing plant standard of 30 percent of receipts as Class I disposition and 15 percent of receipts as Class I disposition inside the initial suggested marketing area.

<sup>2</sup> Based on status of distributing plant under revised suggested consolidated order and Identical Provisions report pool distributing plant standard of 25 percent of receipts as Class I disposition and 15 percent of total route disposition inside the revised suggested marketing area.

<sup>3</sup> Exempt as defined under current Federal orders.

<sup>4</sup> 3B: Exempt with route disposition less than 150,000 lbs. per month (as suggested in Identical Provisions report).

<sup>5</sup> Three fully regulated handlers on initial report would become exempt (3B), and one handler that was unregulated in initial report would become fully regulated in the revised suggested Pacific Northwest market.

TABLE 2. MARKET INFORMATION BASED ON OCTOBER 1995 POOL DATA						
Federal Order	Total Producer Milk (1000 lbs.)		Class I Utilization Percentage		Weighted Average Utilization Value <sup>3</sup>	
	Initial Report <sup>1</sup>	Revised Report <sup>2</sup>	Initial Report	Revised Report	Initial Report	Revised Report
<b>F.O. 124</b>	501,257	493,207	36.29%	35.57%	\$12.45	\$12.44
<b>PACIFIC NORTHWEST</b>	<b>501,257</b>	<b>493,207</b>	<b>36.29%</b>	<b>35.57%</b>	<b>\$12.45</b>	<b>\$12.44</b>

<sup>1</sup> Producer deliveries of milk to handlers regulated under Federal orders, October 1995 (Table 6, *Federal Milk Order Market Statistics for September and October 1995*, FMOS-410, Agricultural Marketing Service, USDA).

<sup>2</sup> Initial report producer deliveries, adjusted to include only those handlers who would be fully regulated (i.e. Status = 1) in the revised suggested marketing area.

<sup>3</sup> **Not a blend price** -- shown solely for the purpose of showing impact of consolidation on utilization.

## **SUMMARY OF COMMENTS AND RESPONSES**

The Pacific Northwest marketing area remains as was suggested in the initial Preliminary Report, containing the current Pacific Northwest (Order 124) market and adding an unregulated county in southwest Oregon.

Comments from cooperatives suggested combinations of Federal orders in the Pacific Northwest region.

Prior to the initial Preliminary Report, comments specifically suggested keeping Oregon as a separate Federal order, combining Orders 124 and 135, or adding 139 to this pair, with Class I and Class II product movement between orders and potential producer milk movement, especially from Order 135 to the other orders, cited as justification. Other combinations would include Order 134, using the Rocky Mountains as a natural boundary to the East and Utah and Colorado as southern boundaries. Yet another combination would include all current Orders west of the Rockies. One comment requested that Montana should remain entirely unregulated; this request was supported by a cooperative located in Montana and the Montana state government.

Since the release of the initial Preliminary Report, one comment would include the Jerome, Idaho area in the suggested Pacific Northwest instead of the Western marketing area.

The Pacific Northwest remains the same as was previously released. Over 99 percent of the total route disposition within the Pacific Northwest marketing area comes from handlers within the market. Nearby markets continue to supply minimal sales into the marketing area, effectively isolating the Pacific Northwest.

Due to lack of overlap of both procurement and disposition, the inclusion of the Jerome, Idaho, area in the suggested Pacific Northwest is not supported.

The two counties in northwestern Washington which were unregulated became part of the marketing area as of February 1, 1997.

Using October 1995 information and under the standards used for this revised report, this suggested Pacific Northwest market would be reduced by 2 fully regulated plants shown on the initial preliminary consolidation report. Three fully regulated handlers on the initial report became exempt by virtue of having route disposition of less than 150,000 pounds, and one plant that was unregulated on the initial report would become fully regulated based on the pooling standards used for this revised report.

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**LIST OF PLANTS AND REGULATORY STATUS  
BASED ON OCTOBER 1995**

PLANT NAME	CITY	ST	OCTOBER 1995		PACIFIC NORTHWEST
			FEDERAL ORDER	STATUS <sup>1</sup>	STATUS <sup>1</sup>
ALLISON HARDY	ELMA	WA	Pacific Northwest	4	4
ALPENROSE DAIRY	PORTLAND	OR	Pacific Northwest	1	1
ANDERSEN DAIRY, INC.	BATTLE GROUND	WA	Pacific Northwest	1	1
*BILLANJO DAIRY	EAGLE POINT	OR	Pacific Northwest	4	4
*CAL-WASH INVESTMENTS, INC.	COLLEGE PLACE	WA	Pacific Northwest	1	1
CURLY'S DAIRY, INC.	SALEM	OR	Pacific Northwest	1	1
DARIGOLD, INC.	MEDFORD	OR	Pacific Northwest	1	1
DARIGOLD, INC.	SPOKANE	WA	Pacific Northwest	1	1
DARIGOLD, INC.	PORTLAND	OR	Pacific Northwest	1	1
DARIGOLD, INC.	SEATTLE	WA	Pacific Northwest	1	1
DEPT. OF CORRECTIONS - STATE OF OREGON	SALEM	OR	Pacific Northwest	1	3B
EBERHARD CREAMERY, INC.	REDMOND	OR	Pacific Northwest	1	1
ECHO SPRING DAIRY, INC.	EUGENE	OR	Pacific Northwest	1	1
EDWARD & AILEEN BRANDSMA	LYNDEN	WA	Pacific Northwest	4	4
*EVERGREEN DAIRY, INC. (WEIKS)	OLYMPIA	WA	Pacific Northwest	4	4
FAITH DAIRY, INC.	TACOMA	WA	Pacific Northwest	4	4
*FOREMAN'S DAIRY	GRANTS PASS	OR	Pacific Northwest	4	4
FRED MEYER, INC.	PORTLAND	OR	Pacific Northwest	1	1
GARY & MARGO WINEGAR	ELLENSBURG	WA	Pacific Northwest	1	3B
GERALD GILBERT, ET AL.	OTHELLO	WA	Pacific Northwest	4	4
GRAAFSTRA DAIRY, INC.	ARLINGTON	WA	Pacific Northwest	4	4
INLAND NORTHWEST DAIRIES,	SPOKANE	WA	Pacific Northwest	1	1
LOCHMEAD FARMS, INC.	JUNCTION CITY	OR	Pacific Northwest	4	4
MALLORIE'S DAIRY, INC.	SILVERTON	OR	Pacific Northwest	4	4
MIKE HARVEY	VANCOUVER	WA	Pacific Northwest	4	4
PACIFIC FOODS OF OREGON, INC.	CLACKAMAS	OR	Pacific Northwest	1	3B
PALMER ZOTTOLA	GRANTS PASS	OR	Pacific Northwest	1	1
*RICHARD AND LINDA KLINE	CHEWELAH	WA	Pacific Northwest	4	4
ROY KROPF	HALSEY	OR	Pacific Northwest	4	4
SAFEWAY '85, INC.	MOSES LAKE	WA	Pacific Northwest	1	1
SAFEWAY STORES, INC.	CLACKAMAS	OR	Pacific Northwest	1	1
SAFEWAY STORES, INC.	BELLEVUE	WA	Pacific Northwest	1	1
SMITH BROTHERS FARMS, INC.	KENT	WA	Pacific Northwest	4	4
SPRINGFIELD CREAMERY	EUGENE	OR		5	1
STATE OF WASHINGTON	MONROE	WA	Pacific Northwest	4	4
SUNSHINE DAIRY, INC.	PORTLAND	OR	Pacific Northwest	1	1

PLANT NAME	CITY	ST	OCTOBER 1995		PACIFIC NORTHWEST
			FEDERAL ORDER	STATUS <sup>1</sup>	STATUS <sup>1</sup>
TILLAMOOK COUNTY CREAMERY ASSN.	TILLAMOOK	OR	Pacific Northwest	1	2
UMPQUA DAIRY PRODUCTS CO.	ROSEBURG	OR	Pacific Northwest	1	1
VITAMILK DAIRY, INC.	SEATTLE	WA	Pacific Northwest	1	1
WALTER DE JONG	MONROE	WA	Pacific Northwest	4	4
WAYNE STRATTON	PULLMAN	WA	Pacific Northwest	4	4
WILCOX FARMS, INC.	ROY	WA	Pacific Northwest	1	1
*WILLIAM VENN	NORTH BEND	WA	Pacific Northwest	4	4

<sup>1</sup>DISTRIBUTING PLANT STATUS:

- 1: POOL
- 2: PARTIALLY REGULATED
- 3: EXEMPT
  - A: AS DEFINED UNDER CURRENT FEDERAL ORDERS
  - B: WITH ROUTE DISPOSITION LESS THAN 150,000 LBS. PER MONTH  
(AS SUGGESTED IN IDENTICAL PROVISIONS REPORT)
- 4: PRODUCER-HANDLER
- 5: UNREGULATED
- 6: GOVERNMENT AGENCY

\*Indicates plants with changes in status, federal order, name/ownership or are out of business. (See below)

## IDENTIFIED RECENT MARKET DEVELOPMENTS

(as of February 1997 pool; information not included in analysis)

### Status Changes:

*Evergreen Dairy, Inc. (Weiks)* Olympia, WA  
From Producer Handler to Producer

### Effective:

May 96

### Name Changes:

*William Venn to Timothy Berndt*

North Bend, WA

July 95

### Out of Business:

*Billanjo Dairy*

Eagle Point, OR

Aug. 96

*Cal-Wash Investments, Inc.*

College Place, WA

Mar. 96

*Foreman's Dairy*

Grants Pass, OR

July 96

*Richard and Linda Kline*

Chewelah, WA

Oct. 95

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**PACIFIC NORTHWEST MARKETING AREA - 75 counties**

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**Idaho - 6 counties (All currently in F.O. 124)**

Counties of Benewah, Bonner, Boundary, Kootenai, Latah, Shoshone.

**Oregon - 30 counties (29 currently in F.O. 124; 1 currently unregulated)**

Counties of Benton, Clackamas, Clatsop, Columbia, Coos, Crook, *Curry*, Deschutes, Douglas, Gilliam, Hood River, Jackson, Jefferson, Josephine, Klamath, Lake, Lane, Lincoln, Linn, Marion, Morrow, Multnomah, Polk, Sherman, Tillamook, Umatilla, Wasco, Washington, Wheeler, Yamhill.

**Washington - 39 counties (All currently in F.O. 124)**

All counties.

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## **APPENDIX**

### **Summaries of Federal Order Reform Comments Received**

Almost 150 Federal Order Reform (FOR) comments specifically referring to Federal order consolidation are summarized in the following pages. The comments are separated into the ten basic marketing areas suggested by the Department in its initial Preliminary Report on Order Consolidation. If more than one area was referred to in a comment, that particular FOR will be listed under more than one marketing area. For example, FOR 9, submitted by Land O'Lakes, Inc., included 13 order area suggestions. Thus, FOR 9 can be found in multiple areas.

The format of the summarized comments is as follows: first, the suggested area is described, then supporting reasons for that suggestion are delineated. Comments prior to the December 3, 1996, release of the Preliminary Report are separated from those received after the Report's release by a double line.<sup>1</sup> Single lines separating comments appear merely for the reader's convenience. Several comments grouped together indicate the same suggestion and, if given, the same reasons.

Sections entitled "California," "Miscellaneous Marketing Areas," and "Miscellaneous Comments and Criteria" follow the ten areas.

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<sup>1</sup> Comments up to FOR 329, and also FOR 544, address consolidation issues and were dated prior to December 3, 1996; FOR 526, 541, and beyond 544 were dated after December 3.

## **NORTHEAST MARKETING AREA**

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FOR 2, New Jersey Department of Agriculture.

Suggests consolidating Federal orders 1, 2, and 4, and adding territory from Maine to Virginia, including the unregulated and state-regulated portions of New York and Pennsylvania. Contends that greater efficiencies would occur in rulemaking process and administrative issues, and more equitable blend prices would result.

---

FOR 6, American Farm Bureau Federation (IL).

Comments that joint committees in the Northeast area have met for over a year to develop consolidation plans through examination of intermarket sales and routes, overlapping supplies, and consolidation of cooperative processors.

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FOR 9, Land O'Lakes, Inc.

FOR 107, Pennsylvania Association of Milk Dealers.

FOR 156, National Farmers Organization, Inc.

Suggest consolidating Federal orders 1, 2, and 4.

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FOR 25, Emil Tucek, producer (NY).

Suggests eliminating Federal orders 2 and 4.

---

FOR 30, Kenneth Mumma, producer (PA).

Suggests consolidating the region extending from Maine to North Carolina and west to the current Federal order 36 and adding unregulated areas. Suggests implementing differentials to reflect geographic and temperature variations.

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FOR 41, St. Albans Cooperative Creamery, Inc. (VT).

Suggests consolidating Federal orders 1, 2, and 4, and adding unregulated areas.

Suggests that 15 percent in-area route disposition should determine pool plant status.

---

FOR 42, Cass-Clay Creamery Inc. (ND).

Suggests consolidating Federal orders 1, 2, and 4. Contends these areas service the northeast corridor, have similar utilization and pricing structure, and have enough commonality to be one area.

---

FOR 44, Jason Meyers, producer (MD).

Suggests using the Mason-Dixon line (Pennsylvania-Maryland border) as a marketing area boundary. Contends that (1) two balancing plants in Federal order 4 have lowered producer prices; (2) most of the milk supply south of the suggested border goes south, especially during the summer and fall; and (3) southern Virginia cooperative members are paid based on Federal order 5 prices.

---

FOR 59, U.S. Representative English (PA).

FOR 119, U.S. Representative Cramer (AL).

Suggests consolidating Federal orders 1, 2, and 4. Notes support for this consolidation from northeastern cooperatives.

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FOR 60, Atlantic Dairy Cooperative; Agri-Mark, Inc.; Milk Marketing, Inc.; Maryland and Virginia Milk Producers Cooperative Association, Inc.; Dairylea Cooperative, Inc.; and Upstate Milk Cooperatives, Inc.

Group of northeast-area cooperatives suggests consolidating Federal orders 1, 2, and 4, and adding unregulated counties in New Hampshire, Vermont, Massachusetts, New York, Pennsylvania, and Maryland.

Contends that in this proposed area: (1) the number of handlers has decreased but the volume and distribution area of the remaining handlers has increased; (2) intermarket movements of milk have increased in recent years; (3) plants may be located in one marketing area but regulated under a different order; (4) milk supply areas overlap in New York and New Jersey; and (5) significant differences in producer prices exist among the three current orders.

Contends that in the unregulated area of northern New Hampshire (NH): (1) there are no unregulated Class I handlers (except producer-handlers); (2) most producers ship to Federally-regulated plants; and (3) unregulated handlers in Maine and Vermont have sales in NH as well as in Federal order areas (less than 10 percent “trigger”).

Contends that adding unregulated areas of Massachusetts would affect minimally one plant and a few producers as most milk in this area is provided by regulated Order plants.

Contends that in the unregulated area of Vermont: (1) the value of milk associated with route sales in the unregulated areas of Vermont is not being fully realized by producers; (2) unregulated Class I milk is procured from a common milkshed with Federal order 1; (3) the full regulation of Fairdale Farms might necessitate including all of Vermont in the marketing area in order to prevent harm to its business; (4) non-pool producers are precluded from protections under the order system and from having a voice in making and amending orders; (5) six out of eight Vermont fluid bottling plants are partially regulated in Federal order 1; and (6) five Vermont handlers have route sales in NY with at least two selling in northern New York’s unregulated area.

Contends that in the unregulated area of northern New York: (1) the value of milk associated with route sales in the unregulated areas of New York is not being fully realized by producers; (2) surplus milk is pooled either in Federal order 2 or the Western New York State order; (3) non-pool milk is procured from a common milkshed with pool milk; (4) non-pool

producers are precluded from protections under the order system and from having a voice in making and amending orders; and (5) effective Class I prices are suppressed due to lack of regulation and heavy competition.

Contents that in the State-regulated Western New York area (1) overlap exists in Class I sales and milk procurement with Federal order 2; (2) regional milk supplies are balanced jointly with Federal order 2; and (3) administrative advantages would exist by adding Western New York to the Federal program.

Contents that adding the unregulated areas of New York's southern tier and northwest Pennsylvania would result in (1) better price alignment; (2) more consistent regulations and administrative advantages; and (3) better flow of producer milk to markets.

Contents that the Western Pennsylvania counties currently in Federal order 36 should remain in a Federal order marketing area.

Contents that unregulated areas of Pennsylvania and western Maryland should be added because (1) milk distributed from Federally-regulated plants compete with milk from unregulated plants; (2) most dairy producers in this area are pooled in a Federal order; (3) unregulated plants are balanced by milk pooled on Federal orders; and (4) a common milkshed is shared.

---

FOR 98, Cooperative Milk Producers Association (VA).

Opposes adding unregulated area of Virginia to a Federal order marketing area. Contents that the Virginia State Milk Commission and State order should continue as it works well for producers, processors, and consumers.

---

FOR 110, Congressman Solomon (NY).

Supports consolidating Federal orders 1, 2, and 4. Contents that northeastern cooperatives support this merger and notes the region's population distribution, transportation network, and current similarity in blend prices.

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FOR 111, Mid-America Dairymen, Inc.

Supports consolidating Federal orders 1, 2, and 4, based on overlap of producer procurement and Class I sales. Notes support for this consolidation from northeastern cooperatives.

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FOR 121, Milk Marketing, Inc.

Supports consolidating Federal orders 1, 2, and 4, and adding unregulated areas of New York and Pennsylvania, including some counties currently in Federal order 36.

---

FOR 131, Pennsylvania Farm Bureau.

Suggests consolidating Federal orders 1, 2, and 4, adding unregulated counties in Maryland, Massachusetts, New Hampshire, New York, and Pennsylvania, and extending this

region's boundary to the Ohio-Pennsylvania border to incorporate some area currently in Federal order 36. Contends that an overall benefit exists with one regulatory and pricing mechanism and notes that unequitable pricing may exist with unregulated and regulated territory.

---

FOR 136, Dairymen for One NorthEast Market.

Endorses FOR 60 proposal. Supports including Maine. Contends that: (1) overlap exists in milk supply between Maine and New England and in competition between Maine processors and others; and (2) surplus milk from Maine is pooled in Federal Order 1, describing this practice as exploitation.

---

FOR 157, Association of Dairy Co-ops in the Northeast.

Supports expansion of the Northeast area to include New Hampshire, Vermont, Massachusetts, Pennsylvania, and Maryland. Contends that broad support for consolidation exists for this area, market expansion is necessary to make this region an economically-sound unit, and the FAIR Act authorizes expansion into unregulated areas.

Opposes expansion into Maine.

---

FOR 234, Niagara Milk Cooperative, Inc. (NY).

Supports consolidation of Federal orders 1, 2, and 4 and endorses FOR 60. Contends that this consolidation would enhance stability and orderly marketing for producers, consumers, and cooperatives.

---

FOR 247, Duane, Morris & Heckscher, attorneys (PA).

Contends expansion to unregulated areas is illegal on statutory and constitutional grounds. Contends that Federal order expansion in Pennsylvania would place adverse consequences on small businesses due to operational burdens and viability.

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FOR 541, Gerald Pirrung, producer (PA).

Endorses FOR 131 proposal.

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FOR 544, Homestead Dairies (NY).

Opposes adding unregulated counties in northern New York. Contends, as the only fluid plant left in unregulated area, it is difficult to compete with larger companies which are able to advantageously use current regulations to bring milk into the unregulated area.

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FOR 641, Clover Farms Dairy Co. (PA).

Suggests incorporating pass-through provisions in the suggested Northeast area.

---

FOR 648, Donna Williams, producer (PA).

Requests no favoritism shown to any suggested marketing areas by including or excluding unregulated territory. Notes that the suggested Northeast marketing area does not add any currently unregulated area but this does not hold true for other suggested marketing areas.

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FOR 672, Massachusetts Farm Bureau.

Opposes adding unregulated marketing area in Massachusetts to Federal order marketing area. States that the Massachusetts State order is self-reliant and provides a choice to producers. The Department of Food and Agriculture administers State regulations, with one processing facility currently following State guidelines.

---

FOR 676, Quality Dairy (MA).

Opposes adding unregulated marketing area in Massachusetts to Federal order marketing area. Contends that Quality Dairy is located in the State order area, pays producers a blend price, and questions the advantage of change for processors or producers.

---

FOR 686, Rolland Schallenberg, producer (NY).

Supports the suggested Northeast marketing area and also supports adding unregulated territory to the area.

---

FOR 695, Byrne Dairy (NY).

Supports the suggested Northeast marketing area and also supports adding western New York.

---

FOR 696, New Jersey Farm Bureau.

Supports the suggested Northeast marketing area. Also supports adding unregulated territory to the area as less leveraging of producer interests between regulated and unregulated areas would exist.

---

FOR 751, Chateaugay Cooperative Marketing Association, Inc. (NY).

Supports adding unregulated northern New York, as doing so would include any Class I sales in area that are not included now.

---

FOR 759, Milk Marketing, Inc.

Supports adding unregulated Vermont, New York, and Pennsylvania to the area. Also supports expanding the Northeast marketing area to the Ohio-Pennsylvania border. Contends that, if two fluid processing plants located in Johnstown, PA, area are regulated by the

Northeast order, price misalignments will occur between those two plants, and between those two plants (if regulated by the consolidated Northeast order) and Pittsburgh-area competitors.

---

FOR 852, Lewis Riley, Maryland Secretary of Agriculture.

Notes that more time is needed to study other possible combinations for the suggested Northeast marketing area, and Maryland in particular.

---

FOR 902, Anthony Opeka, producer (PA).

FOR 903, Martin Petroski, Jr., producer? (PA).

Supports one marketing area in the Northeast and adding all unregulated areas. Contends expansion will level the playing field for all sectors and provide a more accurate means for pricing.

---

FOR 959, Maryland Dairy Industry Association.

Favors exploring possibility of including Maryland with the suggested Appalachian marketing area instead of with the suggested Northeast marketing area.

---

FOR 1231, Virginia Farm Bureau Federation.

Requests maintaining the current status of State-regulated area in Virginia. Contends that producer members market their milk under the system which best fits their needs and support exists from members for the Virginia State Milk Commission. Opposes efforts to jeopardize its viability.

---

FOR 1386, The New York State Grange.

Supports adding unregulated areas of Vermont, New Hampshire, New York, Massachusetts, Maryland, and Pennsylvania (not including that portion in Federal order 36) to the suggested Northeast marketing area. Contends this area would represent a unified marketing area with a common milkshed.

---

FOR 1392, J. Craig Williams, Penn State Extension agent.

Offers comments from a producer meeting which support including all of Pennsylvania in the suggested Northeast marketing area because of fluid sales in the East.

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FOR 1504, Queenboro Farm Products, Inc. (NY).

Suggests including Maine, northern and western New York, and Pennsylvania in the suggested Northeast marketing area. Contends that (1) this expansion would result in leveling of competition among producers, handlers, or cooperatives, and benefits exist to year-round pooling.

Requests uniform shipping requirements throughout the marketing area.

---

FOR 1596, Booth Brothers Dairy, Inc. (VT).

Supports suggested Northeast marketing area. Opposes expansion of this area. Contends that disorderly marketing conditions do not presently exist, and that expansion would (1) increase costs to consumers and distributors; and (2) hurt producers through potentially lower producer premiums in order for the handler to remain competitive. Contends that pass-through provision currently used by Federal order 2 handlers causes competitive problems for Vermont handlers. Notes the close proximity and relatively small number of producers providing handler's milk supply. Notes that when Federal order 1 expanded in the late 1960s, two of Vermont's largest dealers went out of business and contends that this would occur again if the marketing area were expanded.

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FOR 1668, Association of Dairy Cooperatives in the Northeast (ADCNE).

Comments filed in addition to FOR 60 and 157.

Supports expansion of suggested Northeast marketing area into all unregulated areas of Vermont, New Hampshire, Massachusetts, northern and western New York, Pennsylvania, and Allegheny and Garrett counties in Maryland. Notes widespread support of producers for expansion. Contends that expansion would result in a more intact regulatory structure which would reflect an already integrated milk marketing region, as current marketing areas (or the suggested Northeast marketing area) do not realistically represent the marketing region. Contends that expansion would recognize the existence of milkshed regions, presently regulated or to-be regulated handlers, and distribution by regulated handlers, all in currently unregulated areas.

Notes that suggested consolidation would result in three plants outside the Northeast marketing area becoming fully regulated. Contends that eliminating Federal order 2's pass-through provision and changing the distributing plant definition (as suggested in the Identical Provisions Committee report, released March 7, 1997) would result in more handlers becoming fully regulated throughout the suggested Northeast marketing area, with competitive inequities and disorderly marketing conditions resulting in unregulated areas between regulated and unregulated or partially regulated handlers.

Contends that Federal order regulation impact on producers and handlers is similar, irrespective of size.

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FOR 1677, Leon Graves, Commissioner, Vermont Department of Agriculture, Food & Markets.

Supports expansion of the suggested Northeast marketing area to include all of Vermont. Contends that competitive inequity would exist between unregulated and regulated plants with the expected elimination of Federal Order 2's pass-through provision. Notes that expansion of the suggested marketing area likely will result in increasing raw milk and consumer costs and declining producer premiums. Contends that benefits will exist in cost equity for processors, Class I market sharing for producers, equalization between pool and non-pool milk. Notes

support for expansion from producers, cooperatives, and at least one plant expected to become fully regulated under the suggested Northeast marketing area.

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FOR 1685, Eleanor Kurosky, member, Susquehanna County (PA) Farm Bureau.

FOR 1686, James Suden, member, Susquehanna County (PA) Farm Bureau.

Supports the suggested Northeast marketing area and adding all unregulated area. Contends that disorderly marketing currently exists in Pennsylvania and surrounding areas as up to five different pricing and regulatory mechanisms exist. Contends expansion would assure equitable regulation and pricing.

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FOR 1689, Edward McLaughlin, Commissioner, Maine Department of Agriculture, Food and Rural Resources.

Requests excluding Maine from Northeast marketing area. Contends that inclusion would negatively impact Maine producers, most of whom qualify as small businesses. Contends that Maine milk does not take advantage of the New England Federal order pool. Notes that no Maine manufacturing plants are associated with current Federal orders. Notes that the Maine Milk Commission currently regulates milk in Maine.

## APPALACHIAN MARKETING AREA

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FOR 3, Hunter Farms, Milkco, Inc., et al.

Supports consolidating Federal orders 5 (Carolina), 11 (Tennessee Valley), and 46 (Louisville-Lexington-Evansville), excluding the Indiana portion of Federal order 46, and including the Cincinnati and Marietta, OH area of Federal order 33. Also supports including portions of Virginia which currently are unregulated. Contends that milk moves freely in raw and packaged form among the described areas.

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FOR 9, Land O'Lakes, Inc.

Suggests consolidating Federal orders 5 and 11.

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FOR 12, Holland Dairies, Inc. (IN).

Suggests consolidating Federal orders 46, 32, Tennessee, Kentucky, and parts of North Carolina, West Virginia, Federal orders 33 and 49, and adding unregulated territory to this marketing area. Contends that this would eliminate the price advantage of the Olney, Illinois Prairie Farms plant over Federal order 46 handlers, would increase the Federal order 32 blend price, and would eliminate Tennessee fluid plants from stealing southern Indiana producers.

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FOR 36, Southern Foods Group, Inc., and Anderson-Erickson.

Supports consolidating Federal orders 5, 11, and 46, excluding the Indiana portion of Federal order 46. Contends that milk moves freely in raw and packaged form among these areas.

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FOR 51, Louisiana Farm Bureau Federation, Inc.

FOR 123, Georgia Milk Producers.

Supports consolidating Federal orders 5, 11, and 46. Contends that: (1) these areas have overlap in packaged sales and milk procurement; in fact, a portion of F.O. 46 was moved to F.O. 11 several years ago to prevent regulatory shifting of two fluid plants; (2) F.O. 11 plants compete with F.O. 5 plants in western North Carolina, eastern Tennessee, and South Carolina; and (3) less procurement overlap exists with Southeast handlers than between these three marketing areas.

Opposes including these orders with the current Southeast. Contends that no significant changes in market conditions, either in packaged sales or milk procurement, have occurred since the Southeast order was created by merger in 1995, at which time it was determined that the relationship between the order areas merged and the Order 5 and 11 areas did not warrant merger.

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FOR 114, Georgia Farm Bureau Federation.

Supports consolidating Federal orders 5, 11, and 46. Contends that common market and supply areas indicate that three Southeast orders would be the best approach to meet both current and future needs.

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FOR 121, Milk Marketing, Inc.

Prefers consolidating Federal orders 11, 46, including the southern part of Federal order 33 (Cincinnati, OH and Charleston, WV), and possibly Federal order 5.

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FOR 156, National Farmers Organization, Inc.

Supports consolidating Federal orders 5, 11, and 46.

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FOR 664, Henry Barr, producer (SC).

Supports the suggested Appalachian marketing area. Reports support from the Resolutions Committee representing 22 districts in Mid-Am's Coastal division (producers located both inside and outside Appalachian marketing area). Opposes Mid-Am's proposal because under it, the Class I utilization would decrease.

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FOR 669, Louisiana Farm Bureau.

Supports the suggested Appalachian marketing area because of overlap in packaged sales and milk procurement.

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FOR 759, Milk Marketing, Inc.

Supports changes to the suggested Appalachian marketing area. Proposal would add to the Appalachian marketing area the southern part of West Virginia (including Charleston), the southern two tiers of Ohio counties, and Kentucky and Tennessee (omitting western parts). Contends that this "intermediate" market between the "reserve supply" area to the north and the "deficit market" to the south would result in greater orderliness via improved Class I and producer price alignment.

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FOR 767, Georgia Milk Producers, Inc.

Supports dividing the suggested Southeast marketing area at the Alabama-Mississippi state line. Contends that the current Southeast Federal order has difficulty moving milk from Louisiana (production area - surplus) to Alabama and Georgia (consumption area - deficit). As one option, suggests that Georgia and Alabama could be added to the suggested Appalachian marketing area. Contends that stronger ties are forming between Georgia and Federal orders 5 and 11 (Carolina and Tennessee Valley): (1) substantial amounts of Georgia milk is processed in South Carolina and is returned to Georgia in packaged form; (2) three South Carolina plants (including one locked in to F.O. 5 regulation) have significant sales in

Georgia; (3) new Georgia plants have been or are being built in locations to serve the anticipated population growth in Georgia, Alabama, and F.O. 5 markets; and (4) historical data does not reflect the impact of these new plants or the region's production decline.

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FOR 1391, Maryland Farm Bureau, Inc.

Suggests combining Maryland with the suggested Appalachian marketing area. Contends that little milk flows from Maryland to other areas included in the suggested Northeast marketing area. Predicts Maryland milk movement southward, based on current production and consumption levels and trends in North and South Carolina and Maryland. Contends possibility of a Southeast Compact which would include Maryland. Requests implementing this proposed combination now instead of revisiting it later.

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FOR 1505, Charles Stalker, producer (KY).

Suggests combining Federal order 46 with 5. Contends that most milk is shipped with a "domino effect" southward.

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FOR 1684, Valley of Virginia Co-operative Milk Producers Association, T/A Shenandoah's Pride Dairy.

Supports inclusion of Virginia in the suggested Appalachian marketing area except for areas which are covered by the Virginia Milk Commission.

## **FLORIDA MARKETING AREA**

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FOR 9, Land O'Lakes, Inc.

FOR 156, National Farmers Organization, Inc.

Suggest consolidating Federal orders 6, 12, and 13.

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FOR 13 & 34, Florida Dairy Farmers' Association & Tampa Independent Dairy Farmers' Association.

Support consolidating Federal orders 6, 12, and 13. Note that these two cooperatives represent all producers supplying the three current Florida marketing areas. Contend that (1) Florida is a distinct area with respect to both procurement and marketing; (2) the semi-tropical climate presents marketing and production problems not experienced elsewhere; (3) the same producers can and do supply all three current markets in the same month; (4) all handlers procure fluid supply from one of the two proponent cooperatives; (5) no one area serves as the primary source of supplemental milk; (6) shifting regulation can occur because of the overlapping distribution areas; (7) little to no effect on blend prices would be expected due to consolidating these areas. Offers order language and data for consideration.

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FOR 51, Louisiana Farm Bureau Federation, Inc.

FOR 123, Georgia Milk Producers.

Support consolidating Federal orders 6, 12, and 13. Note that this consolidation has been requested by the cooperative supplying milk to handlers regulated under the three orders. Contends that Florida is unique because (1) it has deficit milk production; (2) it has very high Class I utilization; (3) the State's geography limits procurement in three directions; and (4) expansion of sales either west or east is difficult and limited. Contend that this area must remain separate with a higher utilization and blend price in order to attract adequate milk supplies, and that any reduction in the Florida price would increase the decline of local production, thereby increasing prices to consumers.

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FOR 111, Mid-America Dairymen, Inc.

Supports consolidating Federal orders 6, 12, and 13; supports FOR 13 and 34.

Supports, as an alternative, including south Georgia with the three current Florida orders. Contends that this area serves as a milkshed for Florida most of the year.

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FOR 114, Georgia Farm Bureau Federation.

Supports consolidating Federal orders 6, 12, and 13. Contends that common market and supply areas indicate that three Southeast orders would be the best approach to meet both current and future needs.

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FOR 669, Louisiana Farm Bureau.

Supports the suggested Florida marketing area because of overlap in packaged sales and milk procurement. Consolidation is conducive to obtaining an adequate supply and would benefit consumers because total cost more consistent with that which would result in an unfettered market. Consolidation would allow provisions to suit unique geographic situation.

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FOR 697, Tampa Independent Dairy Farmers' Association & Florida Dairy Farmers' Association.

Supports the suggested Florida marketing area because it would assure continued market stability.

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## **SOUTHEAST MARKETING AREA**

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FOR 3, Hunter Farms, Milkco, Inc., et al.

Suggests using caution in consolidating Federal order 7 with 5, 11, and 46. Contends that size of this marketing area may be too large and would lead to difficulty in intra-order movement of milk; also, the Class I utilization would be better balanced if F.O. 7 were not consolidated with these three orders.

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FOR 9, Land O'Lakes, Inc.

FOR 156, National Farmers Organization, Inc.

Suggest maintaining Federal order 7 as the Southeast marketing area.

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FOR 42, Cass-Clay Creamery Inc. (ND).

Suggests consolidating Federal orders 5, 11, 7, 6, 12, and 13. Contends that these areas have common Class I utilization and blend prices and enough milk flows between the markets to allow for one order. Notes the necessity of location differentials from Nashville, TN south, with higher prices in Florida to attract adequate supplies of milk.

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FOR 51, Louisiana Farm Bureau Federation, Inc.

FOR 123, Georgia Milk Producers.

Support maintaining the marketing area of Federal order 7 (Southeast). Contend that this regional order, formed in 1995 by consolidating five existing and two former Federal orders, was established on economic and market conditions which have not changed and was based on formal rulemaking procedures instead of political mandate.

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FOR 53, Barber Pure Milk Co. & Dairy Fresh Corp. (GA).

Suggests consolidating Federal orders 5, 11, 7, 6, 12, and 13. Contends that these markets have common distribution area and Class I sales competition. Further, some handlers distribute Class I products over most of these marketing areas: large Class I processing, packaging, and distributing plants exist, as well as handlers with multiple locations and wide Class I distribution. Contends that pool qualification should be based on performance, not location; plants located in Federal orders 5 and 11 currently are locked in and likely would be pooled elsewhere. Contends that producers shift between orders when milk is in short supply. Contends that Florida's reserve supply areas extend to Georgia, Louisiana, Mississippi, and other areas in Federal order 7.

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FOR 56, J.H. Mayes, producer (TN).

Suggests that the Southeast marketing area should include all of Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, and Tennessee.

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FOR 59, Congressman English (PA).  
FOR 119, Congressman Cramer (AL).  
Support Southeast proposals.

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FOR 111, Mid-America Dairymen, Inc.

Suggests that the Southeast marketing area should include Federal orders 5, 7, 11, 46, Arkansas and Missouri portions of 106, and Virginia counties not regulated by Federal order 4. Contends that these areas represent intense procurement overlap and some Class I sales overlap.

Contends that the Arkansas and Missouri portions of 106 should be included in this marketing area because southwest Missouri (1) serves as reserve supply area to Little Rock, AR, Fulton, KY, and Memphis, TN, and to other southeastern areas in the fall; (2) the close proximity of this area suggests relatively low hauling costs; and (3) the Southeast's relatively higher blend price indicates a competitive disadvantage and disorderly marketing. Contends that northwest Arkansas has Class I overlap: Hiland Dairy has significant sales in Little Rock, AR and also has potential for a similar situation to southwest Missouri.

Contends that Federal order 5 should be included in this marketing area because (1) F.O. 5 and 7 handlers compete for supplies in eastern Georgia and sales in South Carolina and Georgia and (2) blend price disparities exist in eastern Georgia. In addition, contends that (1) F.O. 5 and 11 handlers compete for supplies in eastern Tennessee and southwest Virginia and sales in North Carolina, South Carolina, and eastern Tennessee and (2) blend price disparities exist in east Tennessee and southwest Virginia.

Contends that Federal order 11 should be included in this marketing area because (1) F.O. 7 and 11 handlers compete for supplies in south central Tennessee and south central Kentucky and sales in central and eastern Kentucky and (2) blend price disparities exist in southeast Kentucky.

Contends that Federal order 46 should be included in this marketing area because (1) F.O. 7 and 46 handlers compete for supplies and sales in south central Kentucky and (2) blend price disparities exist in south central Kentucky. In addition, contends that pooling Kentucky plants in a more northern marketing area would widen the blend price difference between Nashville and Louisville which would encourage Kentucky producers to shift to Southern handlers, leading to increased difficulty for Kentucky handlers to attract an adequate supply of milk. Also, contends that significant overlap of packaged sales exists between F.O.s 7, 11, and 46 handlers. F.O. 46 handlers have limited sales overlap between F.O. 46 handlers and northern F.O. handlers, with the exception of distribution from Cincinnati handlers and the Kroger plant located in Winchester, KY to the Federal order 33 marketing area. Further, contends that the overlap of F.O. 46 procurement is greater with F.O. 11 and 7 than with F.O.s to the north.

Contends that southern Virginia should be included in this marketing area because (1) the Kroger plant located in Lynchburg, VA is pooled on Federal order 5; (2) major sales overlap exists between Virginia and F.O. 5 plants; and (3) western, southwestern, and southern Virginia serves as common procurement areas for both Virginia and F.O. 5.

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FOR 114, Georgia Farm Bureau Federation.

Supports maintaining Federal order 7. Contends that common market and supply areas indicate that three Southeast orders (Southeast, Appalachian and Florida) would be the best approach to meet both current and future needs.

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FOR 141, Gold Star Dairy.

Suggests two marketing areas which would cover the southeast area: (1) “Mid-South”: Arkansas, Louisiana, Mississippi, Western Tennessee, and Southeastern Missouri, and (2) “Southeast”: Georgia, Alabama, North Carolina, South Carolina, and the southern portion of Federal order 11 (Tennessee Valley). Contends that the Mid-South order would distinguish between the deficit southeast and surplus southwest areas of the U.S. Contends that (1) without higher blend prices in the southeast, no incentive exists to move milk to that area; (2) different conditions exist between these two suggested areas; and (3) handlers in these areas have more in common, both in procurement and sales, than with the handlers in the current Federal order 7.

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FOR 582, Paul Wolf, producer (TN).

Supports adding to the suggested Southeast marketing area the entire state of Kentucky, on the basis of similar production and utilization rates to Southeast.

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FOR 662, Extension Dairy Specialist, University of Arkansas.

FOR 922, Arkansas Dairy Cooperative Association.

Support adding to the suggested Southeast marketing area the 11 northwestern Arkansas counties currently located in the Southwest Plains marketing area (and in the suggested Central marketing area in USDA’s preliminary report). Contend that this action would simplify accounting of dairy-related statistics and provide better comparisons of statistics. Equalization of pay prices would reduce discontent between producers. Notes that much Arkansas milk is used in Southeast when milk supplies are tight. Notes that the state is milk-deficit.

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FOR 665, Fleming Dairy (TN).

Supports changing the suggested Southeast marketing area by separating into two areas: the “Southeast” and the “South Central.”

The Southeast marketing area would include Georgia, Alabama, South Carolina, North Carolina, central Tennessee, the current Tennessee Valley marketing area (or perhaps only southeast Tennessee). Metro Chattanooga, TN would be included with Atlanta, GA and Birmingham, AL. Contends that the supply for Chattanooga is distinct from that of Bristol-Kingsport, TN (where 4 distributing plants have a closer supply and competitive affiliation with current F.O. 46 handlers than with Atlanta-area handlers). Also contends that two southeastern Kentucky plants compete in same supply and distribution areas as Nashville, TN

and northern Alabama plants. Proposal contains information describing marketing area evolution, route disposition, milk production, and census information.

The “South Central” marketing area would include Mississippi, Louisiana, Arkansas and would extend through Texas and New Mexico (preliminary report has these two states in the suggested Southwest marketing area).

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FOR 669, Louisiana Farm Bureau.

Supports the suggested Southeast marketing area by stating that it recognizes (1) the existing sales and procurement overlaps between current Federal order 7, Kentucky, and the two Texas counties, (2) the minimal sales area overlap with other Federal orders, and (3) that economic and market conditions have not changed since the current Southeast order became effective in 1995.

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FOR 674, Kentucky Farm Bureau

Supports adding to the suggested Southeast marketing area the entire state of Kentucky. Contends that this would (1) result in more similar milk utilization rates, (2) encourage milk flow to deficit areas, (3) minimize negative price impacts on producers, and (4) stabilize consumer prices across the region. Contends that in comparison to other areas in suggested Mideast region, a relatively small percentage of Kentucky’s production is used to produce manufactured dairy products. Contends that F.O. 46's blend price is closer to Southeast and Appalachian blend prices than to other markets included in the Mideast area. The Southeast region is historically milk deficient; 1996 fall average 2,000 loads per month imported. Contends that suggested marketing areas does not provide incentive to move milk from production area (Kentucky) to deficit area (Southeast); contends that suggested areas would result in larger Kentucky producers being pooled in Southeast, causing greater inequities among Kentucky producers. Census projections of population and production indicate an increased milk shortage through 2000. Consumers will see rising milk prices because of greater transportation costs accrued by processor.

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FOR 692, Kentucky Commissioner of Agriculture.

Supports adding to the suggested Southeast marketing area the entire state of Kentucky. Contends that suggested inclusion of Kentucky in the Mideast order would (1) cause wide variations in Class I utilizations and put Kentucky producers at a financial disadvantage; (2) detract from efforts to unify and improve prospects of Kentucky dairy industry; (3) result in more dairies out of business because of lower Class I utilization; and (4) encourage disruptive marketing with 2 to 3 orders and wide price variations.

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FOR 694, Congressman Ron Lewis (KY).

FOR 931, Congressman Jim Bunning (KY).

FOR 933, Senator Wendell Ford (KY).

Supports adding to the suggested Southeast marketing area the entire state of Kentucky. Contends this change would (1) result in more similar milk utilization; (2) encourage milk flow to deficit areas; (3) minimize negative price impacts on producers; (4) lead to stable consumer supply and price; and (5) present a more unified producer front. Contends that current suggestion cannot provide incentives to move milk to deficit areas of Southeast.

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FOR 754, Bill Payne, producer (KY).

Supports adding to the suggested Southeast marketing area the entire state of Kentucky. Contends Kentucky is production-deficit and milk is exported only to the south.

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FOR 767, Georgia Milk Producers, Inc.

Supported by:

FOR 1222, Ricky Sparlsman, producer (GA).

FOR 1233, Roger Brucer, producer (GA).

FOR 1381, Georgia Farm Bureau Federation.

FOR 1382, Emory Young, producer (GA).

FOR 1388, Paz & Angel Duvall, producer (GA).

FOR 1389, Henry Wortman, producer (GA).

FOR 1390, John Gay, producer (GA).

FOR 1507, Fred Hammock, producer (GA).

FOR 1598, F. Bentley, producer (GA).

Supports dividing the suggested Southeast marketing area at the Alabama-Mississippi state line. Contends that the disparity between Class I utilization in the suggested Southwest and Southeast markets would provide incentive for milk to move from the Southwest to the Southeast when surplus milk is available or on a daily basis. Contends that the current Southeast Federal order has difficulty moving milk from Louisiana (production area - surplus) to Alabama and Georgia (consumption area - deficit). As one option, suggests that Georgia and Alabama could remain as a separate order. Also suggests defining sub-pools within the Southeast order to address local market conditions without increasing the number of orders.

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FOR 808, Linda Heurion, producer (AL).

Supports adding Florida to the suggested Southeast marketing area. Contends that it is unfair for Florida producers to receive a higher blend price than Southeast producers.

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FOR 988, Mid-America Dairymen, Inc.

Suggests expanding the suggested Southeast marketing area to include southern Missouri, northwest Arkansas, southern (unregulated) Virginia, and Federal orders 5, 11, and 46.

Contents that the resulting area would meet consolidation criteria of supply and sales areas as defined in the Nourse report.

Southern Missouri and northwest Arkansas: Contents current discrepancy between blend prices exists in southern Missouri which incorrectly moves milk into the Southeast when seasonal surplus is moving out of the region, and natural boundary exists, as there is little milk production north or west of these two areas.

Federal order 46 with 7 and 11: Contents areas should be combined based on supply and sales relationships; little overlap of supply from and sales into southwestern Ohio. Contents that Federal order 46 in the suggested Mideast area would lead to disparity in blend prices at Louisville-Lexington-Evansville relative to southern locations: milk currently supplied to Federal order 46 plants would go south to obtain higher prices and these plants would have difficulty obtaining adequate supply at minimum blend prices. Contents overlap in supply in central and western Kentucky and southern Indiana with supply for Federal order 7 plants located in central Tennessee and western Kentucky; and likewise, in central and eastern Kentucky with supply for Federal order 11 plants located in eastern Kentucky and Tennessee.

Federal order 11 with 7 and 5: Contents that handlers in F.O. 11 overlap with F.O. 7 supply in south central Kentucky and central Tennessee, and compete in sales areas in central Tennessee, Georgia, and northern Alabama. Contents that handlers in F.O. 11 overlap with F.O. 5 supply in eastern Tennessee and southwest Virginia, and compete in sales areas from eastern Tennessee throughout F.O. 5. Plants regulated under F.O. 5 sell into F.O. 11 marketing area, and vice versa.

Southern Virginia with Federal order 5: Contents that this area should be added because of the supply-sales tie, consistency of regulation, and promotion of market stability. Notes that a plant in this unregulated area is fully regulated under Federal order 5. Contents that overlap of supply exists in southern and southwest Virginia for unregulated Virginia and F.O. 5 plants. Contents that this area in Virginia should not be included with the suggested Northeast marketing area because little supply overlap exists between Federal order 4 and unregulated Virginia plants, with the exception of one handler, a chain store processing plant with captive sales in the Federal order 4 marketing area.

Federal order 5 with 7: Contents that many Federal order 5 processors have substantial sales into F.O. 7, and that eastern Georgia serves as a common supply area for Federal order 5 and 7 plants.

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FOR 1234, Kentucky Department of Agriculture, Value-Added Development Division.

Supports adding the entire state of Kentucky to the suggested Southeast marketing area. Contents the suggested Mideast marketing area would negatively impact many Kentucky producers.

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FOR 1311, AMPI, Southern Region.

Suggests adding southern Missouri (some counties currently unregulated and others currently in the Southwest Plains marketing area), northwestern Arkansas, and the former Paducah, KY, marketing area to the suggested Southeast marketing area. Contents that southern Missouri historically has been a supplemental supply source for the Southeast and

regular movements of milk to Southeast plants is encouraged by blend price differences and the close proximity to those plants. Contends that including this area would alleviate the burden of procuring outside milk supplies which would improve overall market balance as well as stabilize relationships to order areas to the north and west of the Southeast market. Contends that two Federal order 106 plants regularly distribute milk into Little Rock, AR, located in Federal order 7. Contends that full regulation under F.O. 7 of the Fulton, KY, plant (outside the current Southeast) necessitates the Southeast including this plant's milkshed.

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FOR 1381, Georgia Farm Bureau Federation.

Suggests dividing the suggested Southeast marketing area at the Mississippi/Alabama state line and keeping Alabama and Georgia as a separate marketing area or combining them with the suggested Appalachian marketing area. Contends that Georgia currently is a fluid milk-deficit market, production and the number of farms are declining, population is increasing and new plants are being built. Contends that this combination would help Georgia producers to be in a better position to provide the necessary future milk supplies. Contends that dividing the current Southeast marketing area also would ease the difficulty in milk movement from the western part of the Southeast marketing area to the eastern part.

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FOR 1565, James Robert Fox, producer (KY).

Suggests adding Florida to the suggested Southeast marketing area. Contends that the Southeast's Class I utilization is weakened when Florida ships its surplus milk into this area.

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FOR 1612, Kentucky Department of Agriculture, Value-Added Division.

Suggests including the entire state of Kentucky in the suggested Southeast marketing area. Contends that the Kentucky Farm Bureau, Mid-America Dairymen, Inc. and Milk Marketing Inc. all support the inclusion of Kentucky producers in the Southeast marketing area.

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FOR 1631, Kentucky Commissioner of Agriculture.

Reiterates position expressed in FOR 692.

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FOR 1649, Director, Missouri Department of Agriculture.

Suggests including the southern third of Missouri and northwest Arkansas in the suggested Southeast marketing area. Contends that southern Missouri has the largest concentration of milk production in the state and serves as the reserve supply for southeastern markets. Contends that milk associated with Federal order 106 moves to Federal order 7 handlers throughout the year and especially during the summer and fall. Contends that disorderly market conditions between producers exist because of the differences in blend prices and close proximity of the areas. Contends that northwest Arkansas faces the same situation. Notes that the average size of a southern Missouri dairy is 44 head, and these producers, as small businesses, would be helped by being included in the Southeast marketing area.

## MIDEAST MARKETING AREA

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FOR 7, Michigan Milk Producers Association.

Suggests consolidating Federal orders 33 (Ohio Valley), 36 (Eastern Ohio-Western Pennsylvania), 40 (Southern Michigan), 49 (Indiana), and Zone 2 of 44 (Michigan Upper Peninsula). Contends that these areas have (1) overlap in milk procurement areas and milk distribution outlets; and (2) unequal sharing of regional reserve supplies which contributes to market instability for producers and handlers in the supply region's fluid needs. Including Zone 2 of F.O. 44, or east of Marquette county, in this marketing area is supported by the largest processor in Zone 2; this comment's proponent is the principal supplier to that handler; and if this area is consolidated with areas to the west instead of to the south, a significant price reduction would occur which might jeopardize the supply for that area.

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FOR 9, Land O'Lakes, Inc.

Suggests consolidating Federal orders 33, 36, and 40.

Suggests consolidating Federal orders 46, 49, and the old Paducah (Federal order 99) marketing area.

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FOR 12, Holland Dairies, Inc. (IN).

Suggests merging part of Federal orders 33 and 49 with 40. Notes that multiple component pricing is used in each of these three areas. Contends that multiple component pricing in southern Indiana (within Federal order 46) would jeopardize the business.

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FOR 28, Superior Dairy, Inc. (OH).

Supports conclusions in Stephen Zalar's study as reasonable and justified. In this Ohio State University Master's thesis, Zalar presented six options for the Mideast marketing areas:

- Option 1: Merge the Eastern Ohio-Western Pennsylvania (36), Ohio Valley (33), and Indiana (49) marketing areas; and 16 currently unregulated counties in Pennsylvania, 2 in New York, 1 in Maryland, 2 in West Virginia, 8 in Ohio, 9 in Indiana, 10 in Kentucky. (Excluding Indiana counties of Lake and Porter.)
- Option 2: Merge all of Option 1, the Southern Michigan (40) marketing area, and 4 currently unregulated counties in Michigan.
- Option 2-A: Merge all of Option 2 and the Michigan Upper Peninsula (44) marketing area.
- Option 2-B: Merge all of option 2 and the eastern half of the Michigan Upper Peninsula (44) marketing area.
- Option 3: Merge all of Option 2 or 2-A or 2-B and the Louisville-Lexington-Evansville (46) marketing area.
- Option 3-A: Merge all of option 2 or 2-A or 2-B and the Indiana and the northeastern counties of the Louisville-Lexington-Evansville (46) marketing area.

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FOR 42, Cass-Clay Creamery, Inc. (ND).

Suggests consolidating Federal orders 33, 36, 40, 44, 46, and 49. Contends that these markets share a similar blend price throughout the region and also a common Class I utilization rate with the exception of Federal orders 44 and 46 which are small markets.

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FOR 111, Mid-America Dairymen, Inc.

Suggests consolidating the Mideast area into two marketing areas: (1) Federal order 40 and (2) Federal orders 33 and 36.

Contends that F.O. 40 has relative isolation from other Federal order markets because it is surrounded by water on three sides.

Contends that Federal orders 33 and 36 have producer overlap and Class I competition between handlers.

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FOR 121, Milk Marketing Inc.

Suggests consolidating the Mideast area into two marketing areas: (1) Federal orders 40; 49; the portion of 33 that is north of Cincinnati, OH, and Charleston, WV; the portion of 36 that is in Ohio and West Virginia; and the currently-unregulated counties of northern Ohio, and (2) an "Upper Southeastern" area composed of the southern part of Federal order 33 with the addition of Federal order areas 46, 11 and possibly 5.

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FOR 156, National Farmers Organization, Inc.

Suggests consolidating Federal orders 33, 36, 40, 44, and 49. Suggests expansion of order areas is appropriate to facilitate orderly marketing (e.g. unregulated areas of northwest Ohio and southern Michigan).

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FOR 233, Toft Dairy, Inc. (OH)

Opposes consolidating Federal orders 33 and 36. If combined, however, advocates a 30 percent in-area sales pooling standard instead of the 15 percent existing currently in each order. Contends that regulation of milk pricing stifles productivity.

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FOR 546, Toft Dairy (OH).

Consolidation should not "duly inhibit" ability of small businesses to compete.

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FOR 677, U.C. Milk Company (KY).

Supports extending northern boundary of suggested Southeast marketing area north one or two counties. Plant would then be in Southeast marketing area where it has greatest distribution branches, sales locations, and sales competition, thus, greatest route disposition. Otherwise, (1) would lose close supply to Nashville-area handlers due to different

utilizations/blend prices (currently aligned with Nashville); (2) would have to pay premiums to supplying cooperative to accommodate difference in blend price; (3) would have difficulty paying premium and continue to compete with higher blend. Supplying cooperative considers handler (only F.O. 46 handler) as a Southeast handler via its Supplemental Feed Premium. Also, handler has sales and procurement competition in western Kentucky counties located in suggested Southeast marketing area. Producers in this area shipping to U.C. would not receive competitive blend; a premium would be necessary to retain producers.

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FOR 698, Don Tuley, producer (IN).

Opposed consolidating current Louisville-Lexington-Evansville Federal milk order with Ohio and Michigan. Utilization would decrease (70% to 50%) and result in a decrease in income by about 8 percent. Suggests putting Michigan and northern Ohio in separate order, as the majority of milk in that area is used to make cheese.

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FOR 701, Prairie Farms Dairy, Inc. (IL).

Offers changes to the suggested Mideast marketing area: include Illinois counties (currently associated with Southern Illinois-Eastern Missouri Federal milk order) in Central area rather than in Mideast because market changes have occurred: (1) Champaign, IL bottling plant closed October 1996; (2) Indianapolis, IN handler has sales to large grocery chain in St. Louis, MO; (3) Prairie Farms' largest single customer changed primary supplier January 1997; F.O. 46 or 49 handlers will take over majority of sales; (4) rumors of changes to another large Indiana handler would affect Federal orders 32 and 49; (5) some sales overlap into F.O. 49 by Prairie Farm's Olney, IL plant & very little producer milk procured from Indiana farms; (6) soon, Louisville distribution point to receive most milk from Evansville, not Olney; and (7) Olney, IL plant's bottling to increase to serve F.O. 32 area.

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FOR 759, Milk Marketing, Inc.

Offers changes to the suggested Mideast marketing area: create separate marketing areas for Michigan/ northern Ohio and Kentucky/southern Ohio, and do not add the Illinois counties as suggested. Contends that (1) under suggested consolidation, money would be likely to go North to supply areas instead of paying local producers; (2) processing type is dissimilar: manufacturing in Michigan and northeast Ohio and fluid processing in southern Ohio, Kentucky, and West Virginia; (3) multiple component pricing is used in all markets suggested to be combined with the exception of Louisville-Lexington-Evansville; (4) potential disorderly marketing conditions may exist as Southeast-regulated plants would have a significant advantage in blend price over Mideast-regulated plants; (5) provisions to attract milk in production-deficit season will be necessary with blend disparity between the suggested Mideast and Southeast markets; and (6) no compelling evidence exists to include the Illinois counties in the Mideast marketing area.

Suggests that the Kentucky/southern Ohio area be included in the suggested Appalachian marketing area (see Appalachian Marketing Area comments).

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FOR 760, Holland Dairies, Inc. (IN).

Offers changes to the suggested Mideast marketing area: create separate “Great Lakes” marketing area for Michigan/ northern Ohio. Contends that under the suggested proposal, a procurement disadvantage will exist. Independent producers that supply Holland now would have incentive to ship to Southeast-regulated handlers because of utilization discrepancy between Southeast and Mideast. Anticipates that new procurement source may be in suggested Central marketing area which means additional freight and premium costs, potential for small dairies to go out of business.

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FOR 1383, Ragersville Swiss Cheese, Inc. (OH)

Requests uniformity in qualifying and pooling requirements.

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FOR 1668, Association of Dairy Cooperatives in the Northeast (ADCNE).

Suggests including the currently unregulated counties of Chautauqua and Cattaraugus in New York in the suggested Mideast marketing area. Contends that most milk from these two counties currently is pooled on Federal order 36 and a plant located in one county competes with at least one plant in Federal order 36.

## UPPER MIDWEST MARKETING AREA

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FOR 7, Michigan Milk Producers Association.

Suggests that Federal order 44 (with the exception of Zone 2) and two Indiana counties (Lake and Porter) are more closely associated with F.O. 30 (Chicago Regional) and should be consolidated with this marketing area.

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FOR 9, Land O'Lakes, Inc.

Suggests consolidating Federal orders 30, 32, 44, 50, 68, and 79.

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FOR 42, Cass-Clay Creamery, Inc. (ND).

Suggests maintaining Federal orders 30 and 68 as separate orders. Contends that each of these orders are large enough to remain separate.

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FOR 58, Lakeshore Federated Dairy Cooperative. (IL).

Suggests consolidating Federal orders 30, 32, 44, 49, 50, 64, 65, 68, 76, 79. Contends that these markets have common procurement and route disposition, and historically have been used as a reserve supply area.

See FOR 807 for greater refinement.

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FOR 100, R & R Dairy Service, Inc. (WI).

Suggests consolidating orders adjacent to Federal orders 30 and 68 to increase utilization and blend prices.

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FOR 111, Mid-America Dairymen, Inc.

Suggests consolidating Federal orders 30 and 68. Contends that these markets have major procurement and Class I sales overlap and, in both areas, Class I handlers compete with cheese plants to procure milk supply.

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FOR 156, National Farmers Organization, Inc.

Suggests consolidating Federal orders 30, 50 (Central Illinois), 65 (Nebraska-Western Iowa), 68, 76 (Eastern South Dakota), and 79 (Iowa). Contends that division of existing order areas is appropriate in some areas (e.g. northwest corner of Federal order 49 (Indiana) with Federal order 30 (Chicago Regional)).

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FOR 545, Farmers Union Milk Marketing Cooperative (WI).

Opposes the suggested Upper Midwest marketing area. Contends that area emphasizes real and perceived discrimination, via disparity with utilizations of neighboring markets. Suggests that Gary, Indiana, should be added to the area, as this is considered one urban area with Chicago. Suggests examining Cornell's 10 regions as "freer and fairer" basis for defining marketing areas.

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FOR 580, Travis Whitney, producer (WI).

Opposes the suggested Upper Midwest marketing area as producers would receive the lowest milk prices.

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FOR 644, Stephen G. Wenzel, Minnesota House of Representatives.

Supports expanding the suggested Upper Midwest marketing area to include Iowa and greater portions of North Dakota and South Dakota. This expansion would (1) increase Class I utilization; (2) encompass more and larger population centers; and (3) result in increased prices for dairy farmers.

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FOR 673, Minnesota Department of Agriculture.

Supports the suggested Upper Midwest marketing area based on information in preliminary report as a logical recommendation.

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FOR 759, Milk Marketing Inc.

Supports including northwest Indiana (Gary-area) in the suggested Upper Midwest marketing area.

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FOR 807, Lakeshore Federated Dairy Cooperative.

Supports expanding the suggested Upper Midwest marketing area to include Federal orders 30 (Chicago Regional), 32 (Southern Illinois-Eastern Missouri), 44 (Michigan Upper Peninsula), 49 (Indiana), 50 (Central Illinois), 64 (Greater Kansas City), 65 (Nebraska-Western Iowa), 68 (Upper Midwest), 76 (Eastern South Dakota), 79 (Iowa). Contends that these markets historically have been used as a reserve supply area. Central Milk Producers Cooperative, which includes in its membership two of the three Lakeshore member cooperatives, submitted a request for merging these markets in mid-1995, with supporting procurement and route disposition data. Lakeshore included this request in its comment.

Requests examination of Class I route disposition overlap from Federal orders 32, 44, 49, 50, and 79 into Federal order 30; and vice versa; from Federal orders 65, 76, and 79 into Federal order 68; and from Federal order 68 into Federal orders 32, 44, 50, 65, 76, and 79. Contends that the discrepancy between the estimated Class I utilizations and weighted average utilization values for the suggested Upper Midwest and Central marketing areas will cause disorderly marketing conditions.

Refers to Cornell University study and notes similarity between Lakeshore proposal and Cornell results. Would not object to addition of Federal order 46 to Lakeshore proposal, as indicated in Cornell results.

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FOR 905, Upper Midwest Dairy Coalition (WI).

Offers changes to the suggested Upper Midwest marketing area which would add Federal orders 32, 46, 49, 50, 64, 65, 76, 79 to 30 and 68. Contends that this combination would better reflect the procurement overlap and competition occurring between the order 30 and 68 marketing areas and markets to their south, especially between southwest Wisconsin/southeast Minnesota and Federal orders 79, 30, and 68, and between Federal orders 49 and 50 and Federal order 30 milk. Contends that the inclusion of Iowa necessitates including St. Louis and Kansas City, MO, because of the competition for routes and supplies among these areas. Contends that combining more orders will reduce blend price differences and improve price equity between orders and among producers.

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FOR 1621, Gregory Blaska, producer (WI).

Requests combining the suggested Upper Midwest and Central marketing areas. Contends that Wisconsin producers need to be in an order with a minimum 25 percent Class I utilization to help return the cost of production.

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FOR 1648, Lamers Dairy Inc. (WI).

Notes that consolidations appear to be aware of marketing areas and should not create any problems relative to the reporting of statistical information.

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## CENTRAL MARKETING AREA

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FOR 9, Land O'Lakes, Inc.

Suggests consolidating Federal orders 64, 65, and 76.

Suggests consolidating Federal orders 75 (Black Hills, terminated 10/96) and 137.

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FOR 36, Anderson-Erickson.

Asserts that any consolidation involving Federal order 79 (Iowa) must also include Federal order 64 (Greater Kansas City). Contends that most significant distribution from Anderson-Erickson's plant in Des Moines, IA, is sold into F.O. 64 area, and that F.O. 64 basically is an individual handler pool which should not be pooled with only high Class I utilization markets. Contends that competition exists between handlers for fluid milk sales between Iowa and Kansas City and producers can serve both markets.

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FOR 42, Cass-Clay Creamery Inc.

Suggests consolidating Federal orders 79, 65, 50, 32, 64, 76, and 75. Contends that (1) these markets have similar utilizations and blend prices, and (2) small orders should be consolidated to increase size.

Suggests that the former Black Hills Federal order (75) also could be consolidated with Colorado.

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FOR 111, Mid-America Dairymen, Inc.

Suggests consolidating into two marketing areas in the central region: (1) Federal orders 64, 65, 76, the portion of 106 in Kansas, plus all unregulated Kansas counties; and (2) Federal orders 32, 49, 50, and 79.

Contends that Federal orders 64, 65, 76, and 106/Kansas (1) share significant overlap in procurement and sales; (2) northeast Kansas is reserve supply area for the Kansas City, MO, Wichita, KS, and Omaha and Lincoln, NE markets; (3) packaged sales into Kansas City come from plants in Omaha and Lincoln; (4) Class I sales overlap in eastern South Dakota from F.O. 65 and 76 handlers; and northern Nebraska is a reserve supply area for F.O. 76.

Contends that, for Federal orders 32, 49, 50, and 79: (1) F.O. 79 is the reserve supply area for St. Louis, MO and F.O. 50, and (2) competition exists between Indianapolis, IN and St. Louis Class I markets and both use Mid-America's Effingham, IL supply plant for reserve supply. Asserts that F.O. 79 could be consolidated with Federal orders 30 and 68 except that the Des Moines, IA Class I market is difficult to service and requires a higher blend price to attract adequate Class I supplies. Proponent envisions this marketing area to serve as a buffer between the low utilization markets to the north and higher utilizations markets to the south.

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FOR 116, Brown Swiss-Gillette Dairy Products (SD).

Requests termination of Black Hills Federal order (F.O. 75) and Zone 2 of the Nebraska-Western Iowa Federal order (F.O. 65), with the support of the Black Hills Milk Producers, a cooperative association. Contends that F.O. 75 has uncertain milk production, high production costs, and a limited local market. Notes that this comment's proponent has more than eight percent of its sales in western Nebraska (Zone 2 of F.O. 65) and contends that expansion of the current marketing area or loss of sales elsewhere puts the proponent in danger of becoming regulated under F.O. 65. Contends that changing F.O. 65's marketing area neither extends regulation to nor affects other plants and continues the policy of regulating only to the extent necessary to effectuate the purposes of the Act. Proponent intends to pay producers the same relative price as under F.O. 75; therefore, the competitive positions of fluid distributors should not change.

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FOR 155, Central Dairy Co. (MO)

Opposes inclusion of any unregulated area that might result in changing regulatory status. Contends that (1) adding unregulated area, with exception of California, is outside the scope of the legislation; (2) regulation would impact upon business' reporting and record keeping by decreasing efficiency; and (3) little change has occurred in marketing conditions in this area since 1986, at which time the area was proposed to be expanded but not enough evidence justified the expansion.

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FOR 156, National Farmers Organization, Inc.

Suggests consolidating Federal orders 32, 64, and 106.

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FOR 570, Black Hills Milk Producers (SD).

Supports excluding the recently-terminated Black Hills Federal milk order from the suggested Central marketing area.

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FOR 693, Western Dairymen Cooperative, Inc. (CO).

Supports the "Greater Southwest" marketing area proposal (FOR 111). Contends western dairy industry structure is changing to the extent that milk movements do not necessarily follow historical patterns. Notes that (1) several Nebraska and Kansas plants have closed in recent years; (2) surplus milk from Federal order 137 has been shipped to New Mexico; and (3) some Class I needs in Oklahoma and Texas have been met by Colorado production.

Offers changes to the suggested Central marketing area: (1) include the former Black Hills Federal milk order in marketing area to prevent disorderly marketing with F.O. 137 (Eastern Colorado) handlers; (2) notes that F.O. 137 has association with the suggested Central market through procurement of producer milk from other current marketing areas included in the suggested Central area. Contends that although this milk continues to be pooled on F.O. 137 because of the historic association, none of the milk actually is received at a F.O. 137 plant.

However, relates that surplus F.O. 137 milk is marketed in Central area as well as in F.O.s 139, 135, 138, 65, and 64.

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FOR 701, Prairie Farms Dairy, Inc. (IL).

Offers changes to the suggested Central marketing area: (1) include currently unregulated Illinois counties (Hancock, Schuyler, Brown, Adams, Pie and Scott) and Iowa county (Lee). Additional (currently unregulated) northeastern Missouri counties should be added with the approval of Central Dairy, Jefferson City, MO; (2) add parts of Indiana to Central marketing area. Contends almost 30 percent of sales from Ideal-American, Evansville, IN, pooled on F.O. 46 are into F.O. 32 and unregulated portions of Missouri; Kroger, Indianapolis, IN, has sales into F.O. 32 (mainly St. Louis, MO area); Holland Dairy, Holland, IN, has sales into F.O. 32; (3) exclude Eastern Colorado (F.O. 137) from Central marketing area and instead, combine this area with either the Western or Southwestern marketing areas. Contends that no sales overlap exists and producer overlap is insignificant.

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FOR 932, Congressman Asa Hutchinson, Arkansas.

Offers comments regarding northwest Arkansas and the Southeast. Requests the new pricing system be structured so producers pooled in less profitable areas are not disadvantaged.

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## **SOUTHWEST MARKETING AREA**

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FOR 9, Land O'Lakes, Inc.

Suggests consolidating Federal orders 106, 126, and 138.

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FOR 36, Southern Foods Group, Inc.

Suggests consolidating Federal orders 106 (Southwest Plains), 126 (Texas), and 138 (New Mexico-West Texas). Contends that raw and packaged milk from New Mexico and Oklahoma competes with milk from Texas.

Adding Louisiana to this area is a possibility. Contends that this expansion would recognize the relationship between Texas and Louisiana, would alleviate problems associated with moving milk, especially from New Orleans, LA to Atlanta, GA, and would recognize that Texas and Louisiana regularly send raw and packaged product across state lines.

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FOR 42, Cass-Clay Creamery Inc.

Suggests consolidating Federal orders 106 and 126. Contends that these markets have commonality in Class I utilization and blend prices.

Suggests consolidating Federal orders 131 and 138. Contends that these markets have similarity in area, and that utilization/blend differences could be resolved with location differentials.

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FOR 52, Associated Milk Producers, Inc., Mid-America Dairymen, Inc., United Dairymen of Arizona, and Western Dairymen Cooperative, Inc.

Suggests consolidating all of the States of Arizona, Colorado, New Mexico, Oklahoma, Texas, and an area in Wyoming including Cheyenne (to include marketing areas currently covered by Federal orders 131, 134, 137, 138, 126, and 106) as the "Greater Southwest" marketing area. Contends that (1) a 1995 petition filed by AMPI requesting the consolidation of Federal orders 126 and 138 demonstrates the overlap of procurement and fluid sales between Federal orders 106, 126, and 138; (2) Class I distribution exists from Federal order 131 into Federal orders 138 and 134, from Federal orders 134 and 137 into Federal order 138, from Federal order 106 into Federal orders 126 and 138, and from Federal order 138 into Federal order 126; (3) cooperative association manufacturing plants in each order overlap in balancing local and adjacent orders' surplus milk production on holidays, weekends, and flush production periods: F.O. 131 plant balances F.O. 126 and F.O. 138; F.O. 126 plant balances F.O. 138 and 106, and F.O. 138 balances southwest-area cooperatives; (4) on-farm production in New Mexico, Texas, and Oklahoma moves to handlers regulated under Federal orders 106, 126, and 138.

Offers order language to support this suggestion.

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FOR 111, Mid-America Dairymen, Inc.

Supports consolidating Federal orders 126, 138, 131, 137, 134, the Oklahoma portion of 106, and parts of Wyoming. Refers to FOR 52 for justification.

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FOR 117, Shamrock Foods Company (AZ).

Suggests consolidating from Rocky Mountains to the eastern part of the Sierra Nevada and San Bernardino Mountain ranges (Arizona, Nevada, western New Mexico, western Colorado, Utah, and southeastern California). Contends that this area shares a natural economic and geographic resemblance.

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FOR 120, United Dairymen of Arizona.

Opposes the suggestions put forth in FOR 117. Contends that this comment conflicts with the FAIR Act because it (1) does not include California as a separate order, and (2) includes presently unregulated territory for which no evidentiary need for regulation is indicated.

Reiterates support for suggestions put forth in FOR 52 (Greater Southwest), and reaffirms Federal order 131's relationship with Federal orders 138 and 126, and the relationship between Federal orders 106 and 126.

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FOR 151, Nature's Dairy, producer-handler (NM).

Opposes some of the order provisions contained in FOR 52. Contends that order proposed in this comment would force this handler out of business.

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FOR 156, National Farmers Organization, Inc.

Suggests consolidating Federal orders 126, 131, 137, and 138.

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FOR 328, Nevada State Dairy Commission.

Opposes FOR 117's suggestion to include all of Nevada in its proposal. Opposition joined by Northern Nevada Dairymen. Contends that regulating all of Nevada could result in the loss of millions of dollars to the Nevada dairy industry.

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FOR 329, Associated Milk Producers, Inc.

Reiterates support for the "Greater Southwest" area proposed by this and three other cooperatives in FOR 52. Contends that the area described has (1) overlap in packaged fluid milk disposition; (2) overlap of supply and balancing operations; and (2) the majority of producer milk in the affected Federal orders is represented by the proponent cooperatives.

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FOR 571, John Reichwein, producer (TX).

Opposes the suggested Southwest marketing area: do not include eastern Texas with New Mexico and Arizona. Contends that eastern Texas (east of Austin) is similar to Louisiana and Mississippi in terms of climate, size of herd, type of buildings. New Mexico and Arizona herds have dissimilar utilizations and are a greater distance from market than east Texas herds. With same pay price, east Texas producers would be unable to compete.

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FOR 576, James Lehmann, producer (TX).

Opposes the suggested Southwest marketing area: do not include eastern Texas with New Mexico and Arizona. The suggested marketing area would result in fewer dairies east of Interstate 35. Contends that Interstate 35, which runs north-south, serves as an effective boundary to type of dairy operation. East of I-35: 40 inches of rain per year; 100-120 head herd; feed via forage or pasture; families live on land; local financing, payment, shopping; 60 to 65 percent Class I utilization; markets within 100 miles; contributes to school taxes. West of I-35: 8-10 inches of rain per year; 1000-2000 head herd; feed via purchased inputs; long-distance financing and spending; about 20 percent Class I utilization; markets within 500-1000 miles; creation of tax revenue limited.

Offers changes to suggested Southwest marketing area: move the Southeast marketing area's western boundary to I-35 in Texas and add Oklahoma "panhandle" counties and western Kansas to Southwest marketing area. This revised area would accommodate dairies that share "mega-dairy" concept.

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FOR 646, John Lovell, producer/veterinarian (TX).

Opposes the suggested Southwest marketing area. Encourages re-evaluation of area to organize producers facing similar conditions: environment, fixed and variable costs, and proximity to end users.

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FOR 693, Western Dairymen Cooperative, Inc. (CO).

Reiterates support for "Greater Southwest Marketing Area" proposal put forth by several cooperative associations in the area (see FOR 111).

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FOR 970, Bob Middleton, producer (TX).

Suggests putting east Texas with the suggested Southeast marketing area, using Interstate 35 as the western boundary. Contends that east Texas production is more similar to southeastern U.S. than to central Texas and New Mexico. Contends that the wet, humid climate familiar to east Texas is not conducive to large-scale dairying associated with central Texas and New Mexico.

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FOR 1230, AMPI-Southern Region.

Suggests including Federal orders 106, 134, and 137 in the suggested Southwest marketing area. Refers to FOR 52 and contends that marketing conditions have not changed since the proposal was made originally in May 1995. Contends that the group of cooperatives who submitted FOR 52 direct a very large portion of milk pooled and produced in the current and proposed marketing areas. An overlap exists in both procurement and balancing among the areas.

Contends excluding Federal order 106 from this marketing areas is based on unfounded reasons. Contends Federal order 106 route distribution exists primarily within the area but more closely aligned with Texas and New Mexico than with Federal order 32. Also, significant procurement for one of four Oklahoma distributing plants comes from New Mexico, as well as overlap in producer supplies and packaged milk sales between Texas and Oklahoma. Oklahoma cooperative membership is parallel to that of Texas and New Mexico associations. Contends Southwest Plains provisions are more closely aligned with the suggested Southwest merger area suggestions. Change in pooling requirements may cause inefficient milk movements to gain share in uniform pricing. Federal order 106 in the suggested Central marketing area does not eliminate the attractiveness of Southeast markets; thus, milksheds move into higher blend locations.

Milk outside 137 pooled on 137 is based only on a historical association (late 1970s/early 1980s); contends that none of this pool milk actually is received at Eastern Colorado plants. Colorado supplies are associated with New Mexico during the fall as west production moves eastward. Federal order 134 handlers have route sales into New Mexico-West Texas and Central Arizona markets. Additionally, milk pooled under Federal order 134 is priced on a butterfat/skim basis, like the markets suggested to be in the Southwest area. Federal orders 134 and 137 have a common cooperative association.

## **WESTERN MARKETING AREA**

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FOR 9, Land O'Lakes, Inc.

Suggests consolidating Federal orders 131, 134, and 139.

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FOR 27, Security Milk Producers Association (AZ).

Suggests that Federal order 131 (Central Arizona) and southern Nevada should remain separate if Federal order 139 (Great Basin) is consolidated with Federal orders 124 (Pacific Northwest) and 135 (Southwestern Idaho-Eastern Oregon). Contends that a customer of the Association has its entire market in Las Vegas, NV where it sells almost all of the Class I milk sold; the Northwest does not supply Las Vegas; and this consolidation would lower the producer price in southern Nevada, indicating that milk would move to California and Arizona for higher prices and then it would be difficult to obtain a milk supply for Las Vegas.

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FOR 42, Cass-Clay Creamery Inc.

Suggests consolidating Federal orders 134, 137, and 139. Notes these markets are in the same general location and blend prices differences could be resolved through location differentials.

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FOR 156, National Farmers Organization, Inc.

Suggests consolidating Federal orders 134 and 139.

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FOR 578, Nevada State Dairy Commission.

Questions a Nevada handler's projected status in the initial preliminary report.

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FOR 581, Nevada Farm Bureau.

Opposes adding currently Federally-unregulated marketing area in northern Nevada to Federal order marketing area. States that delegates have approved this position and this organization has not received information from any producer wishing to add territory to the marketing area.

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FOR 693, Western Dairymen Cooperative, Inc. (CO).

Comments that the suggested Western marketing area does not make sense. Expected decrease in uniform price to the current Western Colorado and Great Basin markets (which account for 90 percent of Class I use in Western region) and increase to the current Eastern Oregon-Southwestern Idaho market (primarily "surplus milk"). Lower uniform price would hurt producers, but suggests that problem could be eased via pricing surface, zone pricing or

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producer location differentials to compensate those producers serving the Class I market. Also suggests that pooling requirements among the three orders must be reconciled.

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FOR 934, Utah Farmers Union.

FOR 935, W. Lee Reese, producer (UT).

Suggests combining Federal orders 134, 137, and 139. Contends that (1) a high percentage of milk in these areas is pooled and distributed by one cooperative; producer unity would exist if this cooperative operated under one Federal order; (2) a high percentage of milk transfers occurs within the three orders; and (3) similar costs of production exist but varying transportation differentials result in different pay prices.

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FOR 1029, Paul Pryor, producer (UT).

Suggests that Colorado, Wyoming, Montana, Utah, and southeast Idaho should comprise a marketing area.

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FOR 1031, Security Milk Producers Association (CA).

Suggests expanding Federal order 131 (Central Arizona) to include all of Arizona and southern Nevada. Would support adding the localized portion of Federal order 138 in which Federal order 131 route distribution exists. Contends that one of the Association's customers, Anderson Dairy, markets all of its milk in the Las Vegas, NV area, and other California and Arizona handlers also serve this market. Contends that Anderson milk does not move north in Nevada or to Utah or Idaho, and Utah and Nevada milk does not move to Las Vegas. Contends that if southern Nevada is combined with Utah and Idaho, producer prices would decline, and as a result, producer milk would have incentive to move to California and Arizona for the higher prices. Contends that this scenario would result in Anderson having difficulty obtaining a milk supply.

Notes that if California producers were to petition for a Federal order but fail, the Association may consider combining southern California with the area proposed above.

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FOR 1385, Shamrock Foods (AZ).

Offers modifications to proposal suggested in FOR 117 (described in Southwest comments) in response to the initial Preliminary Report and other information. Suggests combining all of Arizona, including Federal order 131, with southern Nevada (Las Vegas). Withdraws request to include portions of California Mohave Desert and Imperial Valley and northern Nevada. Would consider combining southern California with Arizona and Las Vegas if petition to promulgate a California Federal order does not pass.

Reasons for expansion: Arizona population growth, especially outside the Federal order 131 marketing area; the Desert Southwest is a common market for processors located in Arizona, southern Nevada, and California; competitive equity, market stability, and market information would be enhanced; and this tri-state region obtains supplies of producer milk from three concentrated areas in Arizona, California, and Nevada.

## **PACIFIC NORTHWEST MARKETING AREA**

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FOR 9, Land O'Lakes, Inc.

FOR 156, National Farmers Organization, Inc.

Suggest consolidating Federal orders 124 and 135.

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FOR 35, Tillamook County Creamery Association.

Prefers an Oregon-only Federal order.

Suggests consolidating Federal orders 124 (Pacific Northwest), 135 (Southwestern Idaho-Eastern Oregon), 139 (Great Basin), and 134 (Western Colorado). Contends that (1) milk moves freely in raw and packaged form between and among these Federal orders, (2) this consolidation would result in a more uniform utilization throughout the region, and (3) the Rocky Mountains serve as an appropriate natural boundary for this marketing area.

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FOR 42, Cass-Clay Creamery Inc.

Suggests consolidating Federal orders 124 and 135. Notes similarity in markets yet significant differences in Class I utilization. Contends that average blend price over time is not significantly different.

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FOR 45, Darigold.

Suggests consolidating Federal orders 124, 135, and 139. Contends that significant movement of Class I and II products occurs between these orders and notes the potential movement of producer milk, especially in Federal order 135.

Alternatively, suggests consolidating markets with the Continental Divide serving as the eastern boundary and southern Utah and Colorado serving as the southern boundary.

Alternatively, suggests consolidating all Federal orders west of the Rocky Mountains.

Opposes including Montana in the Federal order system. Contends that a Darigold-affiliated cooperative located in Montana and the Montana State government is opposed to inclusion in the Federal order system.

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FOR 111, Mid-America Dairymen, Inc.

Suggests consolidating Federal orders 124, 135, and 139. Contends that significant Class I sales and producer milk procurement overlap exists.

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FOR 1029, Paul Pryor, producer (UT).

Suggests that Jerome, Idaho area should be included in the suggested Pacific Northwest marketing area instead of Western.

## **CALIFORNIA**

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FOR 9, Land O'Lakes, Inc.

FOR 42, Cass-Clay Creamery Inc.

Suggest including California as one of the Federal orders.

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FOR 134, California Dairy Campaign.

Requests (1) USDA to submit a sample order to California producers; (2) an open forum for presentation of proposals and indication of interest in the Federal order program; and (3) continuation of the California quota system and adoption of as many state regulations as permitted. Contends that the California pooling plan is inconsistent and incompatible with Federal milk marketing orders and with a national market for dairy products, with the differences between the two programs indicating disorderly marketing conditions.

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FOR 621, California Dairy Producers, Federal Milk Marketing Order Study Committee.

Requests a meeting to discuss Federal milk orders and reconcile California State order provisions into the Federal milk marketing order program.

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FOR 673, Minnesota Department of Agriculture.

Supports adding California to Federal milk marketing order program. Contends that inclusion would result in greater fairness in evaluating national dairy market trends, statistics and pricing impacts.

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FOR 693, Western Dairymen Cooperative, Inc. (CO).

Supports adding California to Federal milk marketing order program. Contends that current movement of milk into F.O. 139 (Great Basin) undermines the integrity of that Order and that the backhaul of Nevada milk into California erodes the California producer pay price. Also, suggests that southern Nevada (Las Vegas) fits better with California than in the suggested Western marketing area: contends that most Class I disposition in F.O. 139 not served by F.O. 139 handlers is into Las Vegas from California handlers.

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FOR 1030, Darigold (WA).

Reports that California producers unlikely to vote in favor of a California Federal order.

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## MISCELLANEOUS MARKETING AREAS

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FOR 33, Mid-America Dairymen, Inc.

Suggests eight regions in preliminary map:

- 1) Washington, Oregon, Idaho, Montana, Wyoming, Nevada, Utah, Colorado, Arizona, New Mexico, Texas, Oklahoma (except northeast corner).
- 2) North Dakota, South Dakota, Nebraska, Minnesota, Iowa, Wisconsin, Michigan (upper peninsula), Illinois (northern 1/4).
- 3) Kansas, northeast Oklahoma, Missouri (northern 3/4), Illinois (southern 3/4), Indiana, Michigan (southwest corner).
- 4) Michigan (except upper peninsula and southwest corner), Ohio, Kentucky (two areas), West Virginia (except southern boundary), western Pennsylvania.
- 5) Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, Pennsylvania (except western), New Jersey, Delaware, Maryland.
- 6) Virginia, West Virginia (southern boundary), North Carolina, South Carolina, Georgia, Alabama, western Florida, Mississippi, Louisiana, Arkansas, Missouri (southern 1/4), Kentucky (majority of state).
- 7) Florida (except western).
- 8) California.

See FOR 111 for greater refinement.

## MISCELLANEOUS COMMENTS AND CRITERIA

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FOR 3, Hunter Farms, Milkco, Inc., et al.

Suggests consolidations should (1) recognize the continuing importance of handler and producer competition; (2) avoid individual or limited handler pools by consolidating so that producers share more broadly in the benefits and responsibilities of a pool; (3) attempt reasonable range of equal size marketing areas (e.g. quantity of milk pooled or available to pool); (4) avoid small high-utilization markets adjacent to large low-utilization markets; and (5) base boundaries on actual competition, not necessarily state boundaries.

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FOR 5, Minnesota Department of Agriculture.

Suggests consolidation should consider impact on utilization rates, move toward similar rates, and encourage export growth.

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FOR 6, American Farm Bureau Federation.

Submits summary report of the AFBF Dairy Issues Conference. Participants suggest criteria to consider: (1) seek to reflect evolving markets; (2) consider processor overlap and competition as well as supply overlap; (3) minimize negative impact on producers; (4) regulate processors where located; (5) consider per capita milk production as a possible basis; (6) combine orders with similar utilization rates; (7) splitting existing areas may be possible; and (8) political factors.

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FOR 7, Michigan Milk Producers Association.

Contents that technological advances in processing, packaging, and distribution of fluid milk products have enabled processors to greatly expand sales areas, state boundaries no longer provide a justifiable basis for determining marketing area boundaries, and large, national companies do not look at marketing area boundaries when developing sales patterns from particular plants.

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FOR 11, American Farm Bureau Federation.

Suggests consideration should be made to utilization, plant capacity, and milk flow, resulting in greater uniformity in classification and pooling provisions.

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FOR 12, Holland Dairies, Inc.

Suggests review of effect on processors and producers to be fair and equitable and poses questions: Can small independent processor compete on a fair basis with other processors and cooperatives for non-members? for customers?

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FOR 26, John Gorton, producer (VT).

Suggests using the Northeast Compact as a model to determine and identify regions within which it is desirable to maintain regional dairy industries. Contends that a Compact in each region will ensure plentiful dairy products at a fair market price and farmers will receive a fair price.

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FOR 44, Jason Meyers, producer (MD).

Suggests as criteria: (1) the marketing area should make sense for the flow of milk and have natural geographic boundaries; (2) adequate balancing facilities should exist; (3) fair and equitable prices to producers and consumers should exist; and (4) all States should be regulated.

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FOR 47, Competitive Enterprise Institute.

Suggests consolidations should encourage dairy exports. Contends that the U.S. must increase efficiency by allowing the free market to shape the U.S. milk production structure.

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FOR 48, International Dairy Foods Association.

Suggests consideration to the effect of new areas on investments made as a result of the current marketing area definitions, rules, and regulations, the competitive impact of consolidation on costs of competing handlers as well as milk supply availability to handlers in each markets, and the impacts of altering spatial relationships.

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FOR 61, Upper Midwest Dairy Coalition.

Suggests consolidations should be based on: (1) the broadest possible areas where fluid milk distribution, milk production, and supply source areas overlap; (2) more equal Class I utilizations to promote uniformity in regulation; (3) regulate handlers based on the physical location of plants; (4) economic justification that may not dictate use of state boundaries. Goal should be to reduce transaction costs between markets and promote uniformity in prices and regulations within the Federal order program.

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FOR 64, The Trade Association of Proprietary Plants.

Suggests consolidations should be based on areas of overlapping Class I distribution and production.

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FOR 99, Wisconsin Farmers Union.

Suggests consolidations should be based on: (1) common distribution and milk production areas; (2) more equal utilizations between Federal orders; (3) physical location of plants.

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FOR 100, R & R Dairy Service, Inc.

Suggests consolidations should be made on basis of primary overlap of procurement and distribution areas.

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FOR 102, National Association of State Departments of Agriculture.

Suggests consolidations should represent areas of common production, cost of production, consumption, and areas with equal fluid milk utilization.

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FOR 121, Milk Marketing Inc.

Suggests that consolidated areas should be similar in Class I utilization and ideology.

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FOR 129, International Dairy Foods Assoc., Milk Industry Foundation, International Ice Cream Assoc., National Cheese Institute.

Suggests that consolidated areas should maintain relative differences in price but decrease regulated prices and allow for relative price differences dictated by supply and demand to be reflected over time as industry has time to adjust investment decisions.

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FOR 156, National Farmers Organization, Inc.

Suggests avoidance of unusually high or low utilization rates; justify in terms of milk production and supply and regional utilization rates; consider splitting existing areas, expanding into currently unregulated areas in and around consolidated orders.

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FOR 250, Anderson Gold Star Dairy Products.

Suggests that (1) consolidation boundaries should reflect economic impact to business and (2) marketing area should not force competition with neighboring market with a lower price. Contends that small businesses cannot overcome large handlers who can purchase milk at lower price at other large-volume advantages.

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FOR 526, Eric Nottespad, producer (WI).

Suggests eliminating all markets and use true market forces.

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FOR 599, Luke Heppe, producer (WI).

Suggests East and West marketing order due to ease of transporting milk.

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FOR 673, Minnesota Department of Agriculture.

Supports adding current unregulated territory to Federal milk marketing order program. Contends that would result in greater fairness of evaluating national dairy market trends, statistics and pricing impacts.

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FOR 701, Prairie Farms Dairy Inc.

Suggests that consolidation should accommodate orders with similar Class I utilizations. Contends that the current utilizations result from years of adjustments to local supply-demand factors.

Suggests merging only existing Federal orders. Contends that should be merged intact, as producer milk supplies, sales areas, and relationships were established based on a long term set of regulations. Contends that splitting areas would cause disorderly marketing conditions.

Suggest adding unregulated area if (1) current pool plant is located in unregulated area; (2) unregulated areas are contiguous and such areas would not regulate a current unregulated plant unless requested by such plant operator.

Suggests pooling plants in area where located.

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FOR 753, National Grange.

Suggests that regional order should be determined via: areas of common production, cost of production, consumption, access of markets, areas with equal fluid milk utilization. Approximately 12 orders could simplify the current system while providing an accurate sample of production differences.

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FOR 759, Milk Marketing Inc.

Suggests that the purpose of the Federal milk market order program as stated by the AMAA of 1937 should be the primary criteria for consolidating areas; secondary criteria as used by USDA in its preliminary report should be used to meet the purpose of the program. Contends that the criteria used is based on an industry that no longer exists: using overlapping route disposition and procurement as consolidation criteria is not as important with the emergence of large, integrated supermarket-owned plants which have virtually eliminated “local” distribution areas.

Suggests that a marketing area should be defined by the relative Class I utilization within a region, in a “stair stepping” manner as moving from North to South. Contends that blend prices in “fringe” areas of the marketing area should not be great enough that plants cannot attract a local milk supply while paying competitive prices.

Suggests that fluid milk plants should be regulated on the basis of location, not sales area.

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FOR 807, Lakeshore Federated Dairy Cooperative.

Requests listing of USDA's criteria by importance of criteria. Suggests adding three criteria: (1) Federal order carrying the surplus for unregulated or State-regulated areas should be expanded to include those areas; (2) merge orders when a large Federal order carries the surplus for a smaller Federal order; (3) Federal order market should be as large as the sales area of the largest handler in that market. Suggests considering reserve milk supply by asking which Federal orders will carry the supply and at what cost?

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FOR 851, Pennsylvania State Grange.

Suggests that 12 orders would simplify current system and also provide an accurate sample of production differences. Suggests that areas should represent areas of (1) common production, (2) cost of production, (3) consumption, (4) access of markets, and (5) equal fluid milk utilization.

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FOR 890, Bill and Tom Strine, producers (IL).

Express concerns regarding consolidation. Request that consolidation not be forced upon them.

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FOR 1188, John Pawliski, producer (PA).

FOR 1599, James and Connie Seefeldt, producers (WI).

Requests that all unregulated areas should be included in consolidation of Federal order marketing areas.

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